HRSD Commission Meeting Agenda
9:00 a.m. – May 26, 2026

In-person for Commissioners and essential staff at
1434 Air Rail Avenue, Virginia Beach, VA 23455
Virginia Initiative Conference Room – 1st Floor

Reservations are required to receive a link to the virtual meeting, address the Commission, submit written comments to be entered into the minutes or to request accommodations to attend the meeting in-person.

Reservations must be submitted by noon one business day prior to the meeting. Instructions to submit your reservation request are available on the website: https://www.hrsd.com/meeting-minutes

No.	Topic	Resource
	Call to Order	Chair
1.	Awards and Recognition	de Mik
2.	Public Comments Not Related to the Agenda	Secretary
3.	Consent Agenda	de Mik
4.	Finance Committee Report	de Mik
5.	Fiscal Year 2027 (July 1, 2026 – June 30, 2027) Budgets	de Mik
6.	Trust Agreement Exclusion of Certain Locality Improvements from Calculations of Operating Expenses Resolution	de Mik
7.	Expenditure of Tax-Exempt Bond Proceeds Reimbursement Resolution for Fiscal Year (FY) 2026-2027	de Mik
8.	Extendable Commercial Paper Program Resolution	de Mik
9.	Refunding Revenue Bonds Resolution	de Mik

No.	Topic	Resource
10.	Nansemond SWIFT Emerging Contaminants Project Virginia Clean Water Revolving Loan Fund (VCWRLF) and Infrastructure Investment and Jobs Act (IIJA) Agreement	de Mik
11.	James River Treatment Plant Digester and Thickening Building Heating Systems Replacements Initial Appropriation – Non-Regulatory and Contract Award (>$200,000)	Scarano
12.	Debarment of Virginia Pump and Motor Company, Inc.	Mitchell
13.	High Priority Inflow and Infiltration Reduction Program Locality Agreement with York County	Scarano
14.	Onancock Omnibus Transfer, Service and License Agreement	de Mik
15.	Tabb Pressure Reducing Station and Offline Storage Facility Real Property –Dedication of a portion of property located at 900 Yorktown Road, York County, Virginia	Scarano
16.	Operations & Nominations (O&N) Committee Appointment	de Mik
17.	HRSD Pipeline Management Briefing	Abisaab
18.	New Business	de Mik
19.	Unfinished Business	de Mik
20.	Commissioner Comments	Chair
21.	Informational Items	de Mik
	Attachment A – Agenda Item 8: Extendable Commercial Paper Program	
	Attachment B – Agenda Item 9: Refunding Revenue Bonds	

Next Regular Commission Meeting: June 23, 2026, in Virginia Beach

Resource: Steve de Mik

AGENDA ITEM 1. – May 26, 2026

Subject: Awards and Recognition

Recommended Action: No action is required.

Brief: HRSD is pleased to announce the following:

a. Service Awards

(1) The Commission Chair will present a service award to Chris Carlough, who marked his 20th year of service with HRSD on March 27, 2026. Chris was hired in March 2006 as an Industrial Waste Assistant in the Industrial Waste Division, now called the Pretreatment & Pollution Prevention (P3) Department. Chris was then promoted to a P3 Technician, WQ Specialist, P3 Supervising Specialist, and then a P3 Manager, all within the P3 Department. In Chris' current position, P3 Manager, he is responsible for supervising a group of staff that are responsible for permitting, inspecting, and enforcing HRSD's Industrial Wastewater Discharge Regulations, the Boater Education and Pump Out Program, special discharge requests, system incidents or upsets, emerging contaminants, such as PFAS, and supporting the SWIFT program.

Chris holds a bachelor's degree in chemistry and a master's degree in Environmental Health from Old Dominion University, where he graduated as a member of the Alpha Eta Honor Society. Chris served as Chair of the Virginia Water Environment Association (VWEA) Industrial Waste & Pretreatment Committee for three years and is an active participant in NACWA's Pretreatment Committee. In addition to these responsibilities, Chris is an instructor for the HRSD Apprenticeship Program.

(2) The Commission Chair will present a service award to Bruce Weckworth, who marked his 20th year of service with HRSD on February 21, 2026. Bruce was hired in 2006 as an Assistant in the Industrial Waste Division, now P3, and was promoted to Environmental Scientist in the Water Quality Division – Technical Services Department. In Bruce's current position, Environmental Scientist, he is responsible for the Municipal Assistance Program, SSO Response, Underground Storage Tanks, and teaching the Wastewater 101 class.

Bruce holds a bachelor's degree in biology from Christopher Newport University, a Master of Science Degree in Environmental Health from Old Dominion University, and a master's in business administration from the College of William and Mary. Bruce is an active participant in the Virginia Water Environment Association (VWEA), and the Water Environment Federation (WEF).

b. Awards

Leading Utilities of the World – During the inaugural session of the Global Water Summit on May 19 in Madrid, HRSD, represented by COO Eddie Abisaab, was formally certified as a new member of the Leading Utilities of the World. As part of the induction ceremony, HRSD was presented with the organization's symbolic Gold Tap Trophy recognizing its membership in the network. With more than 50,000 community water systems and approximately 16,000 wastewater utilities in the United States alone, membership in the Leading Utilities of the World reflects recognition among a highly selective group of globally leading water and wastewater utilities. The network consists of only 82 member utilities across 29 countries, collectively serving more than 300 million customers worldwide.

Resource: Steve de Mik

AGENDA ITEM 2. – May 26, 2026

Subject: Public Comments Not Related to Agenda

Resource: Steve de Mik

AGENDA ITEM 3. – May 26, 2026

Subject: Consent Agenda

Recommended Action: Approve the Consent Agenda.

Brief: The items listed below are presented on the following pages for Commission action.

a. Approval of Minutes - The draft minutes of the previous Commission Meeting were distributed electronically prior to the meeting.

b. Contract Awards (>$200,000)
   1. Microsoft Unified Enterprise Support Services $420,365
   2. Oracle Customer Cloud Service (CCS) Implementation Services $6,271,030

c. Task Orders (>$200,000)
   1. Coating and Concrete Rehabilitation and Replacement $371,420

d. Non-Regulatory Capital Improvement Project – Additional Appropriation <$1,000,000
   1. Development Plan 2025 $175,000

Resource: Mary Corby

CONSENT AGENDA ITEM 3.b.1. – May 26, 2026

Subject: Microsoft Unified Enterprise Support Services Contract Award (>$200,000)

Recommended Action: Award a contract to Microsoft Corporation in the amount of $84,073 for one year with four renewal options and an estimated cumulative value of $420,365.

Regulatory Requirement: None

Type of Procurement: Sole Source

Contract Description: This contract is for Microsoft Unified Enterprise Support Services, which is replacing legacy Premier Support, to ensure continued access to HRSD organization-wide 24/7 reactive support, escalation management, Customer Success Account Manager (CSAM), proactive diagnostic programs, on-demand assessments, and specialized advisory services and are essential for maintaining the health, security, and performance of HRSD's Microsoft ecosystem.

Analysis of Cost: HRSD is receiving a flex allowance of a discount of $25,000, which is a substantial savings over a one-year commitment. The cost and support were determined to be fair and reasonable compared to similar and current contract rates.

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

Resource: Mary Corby

CONSENT AGENDA ITEM 3.b.2. – May 26, 2026

Subject: Oracle Customer Cloud Service (CCS) Implementation Services Contract Award (>$200,000)

Recommended Action: Award a contract to Red Clay Consulting, Inc. in the amount of $6,271,030.

Regulatory Requirement: None

Type of Procurement: Competitive Negotiation

A Public Notice was issued on February 06, 2026. Seven firms submitted proposals on March 12, 2026, and six firms were determined to be responsive and deemed fully qualified, responsible, and suitable to the Professional Services Selection Committee (Committee) and to the requirements in the Request for Proposals. Three firms were short-listed, interviewed, and technically ranked as listed below:

Proposers	Technical Points	Recommended Selection Ranking
Red Clay Consulting, Inc.	90	1
Oracle America, inc.	88	2
TMG Consulting, Inc.	77	3

The Committee recommends award to Red Clay Consulting, Inc., whose professional qualifications and proposed services best serve the interest of HRSD.

Contract Description: This contract is to provide full-lifecycle implementation services to migrate HRSD from its on-premises Oracle Utilities Customer Care and Billing (CCB) system to Oracle Customer Cloud Service (CCS). The engagement includes configuring a minimum of three environments (Development, Test, and Production) and implementing Lifecycle Manager, Test Accelerator, Oracle Utilities Analytics Visualization (OUAV), and Oracle Utilities Data Intelligence (OUDI). The Contractor shall develop and execute a comprehensive implementation plan that addresses HRSD's multi-jurisdictional billing environment and all required interfaces and integrations while maximizing out-of-the-box CCS functionality and minimizing customizations. The Contractor shall be responsible for project management, system configuration, data conversion, interface development, including close partnership with Oracle on the Jurisdiction Interface, testing, training, change management, go-live support, and post-implementation stabilization. Working collaboratively with HRSD and Oracle, the Contractor shall deliver a well-managed transition that maintains continuity of critical billing and customer operations.

Analysis of Cost: The labor rates, fixed price components, and support were determined to be fair and reasonable compared to similar and current contracted rates. The proposal includes a negotiated savings of $308,862.

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

Resource: Eddie Abisaab

CONSENT AGENDA ITEM 3.c.1. – May 26, 2026

Subject: Coating and Concrete Rehabilitation and Replacement Task Order (>$200,000)

Recommended Action: Approve a task order with Commonwealth Epoxy Coatings LLC in the amount of $371,420.

CIP Project: GN021610

Regulatory Requirement: None

Contract Status with Task Orders:	**Amount**
Original Contract with Commonwealth Epoxy Coatings LLC	$
Total Value of Previous Task Orders	$4,065,259
Requested Task Order	$371,420
Total Value of All Task Orders	$4,436,679
Revised Contract Value	$4,436,679

Project Description: The work in this fiscal year included the following coatings and concrete projects: Atlantic Treatment Plant Primary Clarifier ducting and scrubber recoating and repairs, Army Base Treatment Plant (ABTP) Biological Nutrient Removal (BNR) Tank structural restoration, and the Williamsburg Treatment Plant (WBTP) Secondary Clarifiers coatings installation.

Project Justification: The WBTP Secondary Clarifiers require coating to prevent further erosion of the concrete caused by wear and algae growth, and to protect the installed brushes.

Task Order Description: This task order will provide rehabilitation of the steel surfaces of the Secondary Clarifier #1 at WBTP. Work includes the rake arms, center column, center cage, upper skim trough, tub skirt, and all associated steel structures that are immersed in the tank. Task order scope includes surface preparation, removal of prior coating, removal and reinstallation of the rake arms and suction piping, and applications of coating.

Analysis of Cost: The cost for this task order is based on the pre-negotiated rates under the Annual Coating Services Agreement.

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

Schedule:

Construction	June 2026
Project Completion	October 2026

CONSENT AGENDA ITEM 3.d.1. – May 26, 2026

Subject: Development Plan 2025
Additional Appropriation – Non-Regulatory Required Capital Improvement Project (<$1,000,000)

Recommended Action: Appropriate additional funding in the amount of $175,000.

CIP Project: GN020600

Regulatory Requirement: None

	Project Cost & Appropriation Summary	CIP Project Summary
Capital Improvement Program Estimate (July 1, 2025)		$500,000
Funds Appropriated to Date	$500,000	
Expenditures and Encumbrances Already Incurred	($500,000)	
Available Balance	$0	
Proposed Task Order to Engineer	175,000	
Proposed Contingency	0	
Revised Total Remaining Project Costs	0	
Expenditures and Encumbrances Already Incurred	(500,000)	
New Project Cost Estimate	$675,000	$675,000
Additional Appropriation Needed	$175,000	
Favorable (Unfavorable) Variance to CIP		($175,000)

Contract Status with Task Orders:	Amount
Original Contract with Engineer	$0
Total Value of Previous Task Orders	$500,000
Requested Task Order	$175,000
Total Value of All Task Orders	$675,000
Revised Contract Value	$675,000

Project Description: This project calls for professional engineering services to develop a long range comprehensive sanitary sewer master plan for the metro communities through 2050. The Plan will serve as a roadmap to guide HRSD to plan, design, and construct future CIP projects in a proactive and phased approach in response to development trends and in coordination with each jurisdiction's comprehensive plan. This initiative will include a comprehensive analysis of population projections, zoning densities, and land uses in conformance with existing locality comprehensive plans and development activity trends. The Development Plan will identify future corridors for new interceptors and pertinent supporting infrastructure (Pressure Reducing Stations (PRS) and wet weather storage tanks) to convey new flow to an existing HRSD treatment plant or to a new facility if it is cost effective and in alignment with HRSD's long term

treatment capacity needs. The deliverable(s) will incorporate dynamic dashboards using configured "commercial off-the-shelf (COTS) Environmental Systems Research Institute tools such as Web Maps, Story Maps, as well as PowerBI in addition to a comprehensive report (PDF).

Project Justification: This project is needed for HRSD to meet the challenges of the future in a cohesive, consistent, and comprehensive manner and to ensure HRSD's interceptor networks, treatment plants, and outfalls can accommodate future needs. Since the last HRSD Development Plan was published in 2000, the HRSD territory has expanded to include Surry County, and the Towns of Surry and Dendron. Furthermore, many system improvements have been and continue to be implemented under various regulatory and non-regulatory HRSD program initiatives: the Consent Decree and Wet Weather management Plan, Chesapeake-Elizabeth (CETP) and Boat Harbor Treatment Plant (BHTP) decommissionings, the SWIFT program, Inflow and Infiltration (I/I) Reduction program, and Nutrient Compliance. Most of these initiatives were the result of regulatory requirements and compliance under the Environmental Protective Agency (EPA) Consent Decree and Department of Environmental Quality (DEQ) Consent Order; however, strategic planning with a focus on regional development was not the main driver. The main drivers in developing the portfolio of projects in CIP for the past 10-15 years were twofold: (a) to reduce the frequency and severity of Sanitary Sewer Overflows (SSOs), and (b) to comply with nutrient (nitrogen, phosphorus) loads discharge regulations set forth by EPA and Virginia DEQ agencies.

Funding Description and Analysis of Cost: The original cost for the services to be provided under this project was estimated at $500,000. In the original scope of services, the estimated cost for Modeling efforts was $62,230. This cost assumed that all modeling was to be completed by in-house HRSD staff and then provide results and solution sets to Hazen and Sawyer. However, it was later determined by the HRSD Team that it would be best if the modeling efforts were conducted by Hazen and Sawyer for expediency due to staff limited availability to complete the modeling efforts in a timely manner. As such, Hazen and Sawyer will conduct modeling analyses and develop solution sets in coordination with HRSD for both North Shore and South Shore Interceptor Systems for 2030, 2040, and 2050 population/flow horizons. The cost is based on hourly rates in Hazen and Sawyer's annual services contract for General Engineering Services and the estimation of hours for this effort. The rates are based on the original negotiation fee, and they are deemed to be fair and reasonable for the level of effort required to accomplish this task. Hazen and Sawyer's tasks will include project management, coordination meetings, model evaluations and additional services.

Schedule: Hydraulic Modeling June 2026

Resource: Steve de Mik

AGENDA ITEM 4. – May 27, 2026

Subject: Finance Committee Report
Briefing

Recommended Action: No action is required.

Brief: The Finance Committee met on March 3, March 24, and April 28, 2026, to discuss the preparation of the 2027 Annual and Capital Improvement Budgets.

The Finance Committee Chair will provide a report on the committee's activity.

AGENDA ITEM 5. – May 26, 2026

Subject: Fiscal Year 2027 (July 1, 2026 – June 30, 2027) Budgets

Recommended Actions:

a. Receive the Finance Committee's report for the proposed Fiscal Year 2027 Annual Budget and Capital Improvement Program (CIP)

b. Approve the fiscal year (FY) 2027 to FY 2046 Financial Forecast

c. Approve the Operating Budget for FY 2027

d. Approve the Capital Improvement Program for FY 2027 to FY 2036 (Summary Capital Improvement Program)

e. Approve the Rate Schedule, effective July 1, 2026

Attachments: Annual Budget and Rate Schedule

Brief: The annual budgeting process includes updating the 20-year Financial Forecast and preparing the Operating Budget, the Capital Budget and the Capital Improvement Program (CIP) as well as the corresponding Rate Schedule to support these budgets. The Commission is required to approve an annual budget in sufficient time to ensure the proposed rates, fees and charges are published in a newspaper of general circulation within the HRSD service area for four consecutive weeks prior to the July 1 effective date.

Finance Committee meetings attended by the Commission and staff were held as follows:

- February 27, 2026 – overview of all newly proposed capital projects and updated cost projections for existing capital projects.
- March 25, 2026 – overview of proposed Annual Budget components including an estimated revenue summary, projected labor and benefit costs, proposed new positions, and operating and debt service costs.
- April 22, 2026– overview of the Annual Budget including the FY-2027 to FY-2036 Capital Improvement Program (CIP), and the updated 20-year financial forecast, and proposed rate changes.

The FY 2027 Capital Budget is $730 million and represents the first year of an approximate $3.4 billion, ten-year CIP. Components of projects in the CIP are individually presented to the Commission for funding authorization before the first dollar is spent. Changes to the CIP, which may be required by changing conditions, are presented to the Commission as amendments. The CIP document will be available on the HRSD website upon Commission approval.

Each fiscal year, HRSD establishes and updates a 20-year financial forecast. The forecast is a comprehensive forward-looking estimate of HRSD's financial performance based on historical

data, capital market trends and management insights. It serves as a critical tool for planning, decision making, capital investments and understanding projected cash flows.

The financial forecast was prepared assuming that HRSD will receive $1.3 billion in Water Quality Improvement Fund (WQIF) grants for its projects identified in Virginia's Enhanced Nutrient Removal Certainty Program (ENRCP). The WQIF is Virginia's longstanding funding program to support the restoration and protection of water quality in Virginia. While eligibility criteria, as established in state law, include wastewater nutrient removal upgrades and certain conveyance projects that divert wastewater flow to wastewater treatment plants with nutrient removal, program funding is subject to appropriation by the Virginia General Assembly.

WQIF plays a critical role in supporting the Hampton Roads region. Without such support, the forecast will need to be revised, and rate payers' bills would see an additional increase of nearly 15 percent for HRSD to meet its federal and state-mandated water quality objectives. Fortunately, the WQIF program has been sufficiently supported by state appropriations since its establishment in 1997, allowing the state to pay a share of eligible project costs for reducing nutrient discharges into state waters.

The Rate Schedule contains the rates needed to generate sufficient revenue to cover expenses and reserve requirements for the next fiscal year. HRSD uses a cost accounting process to allocate operating costs to various rates as appropriate.

In HRSD's Small Communities, where HRSD owns and operates both the treatment system and the collection system, residents pay the HRSD regional treatment rate, the weighted average sewer collection system rate for the Hampton Roads metropolitan area, plus the capital costs (Capital Recovery Rate) of the collection systems, if required.

HRSD
Sustainable, Innovative Wastewater Treatment

PROPOSED

Operating Budget

Fiscal Year 2027
(July 1, 2026 - June 30, 2027)





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Introduction



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General Manager/CEO's Introduction

In 1940, Virginia voters made a bold and forward-looking decision to address pollution in the Hampton Roads region by approving a referendum that established the Hampton Roads Sanitation District (HRSD). This milestone marked the culmination of a 15-year grassroots effort that began when the Virginia Department of Health closed local shellfish beds due to contamination. At the time, more than 30 million gallons of untreated sewage were being discharged into Hampton Roads each day. It would take another 32 years before water pollution was addressed at the national level with the passage of the Clean Water Act in 1972.

Over the past 85 years, HRSD has grown into the nation's 14th largest wastewater utility and one of its most innovative. Today, with 14 treatment facilities serving 20 cities and counties and a combined capacity of 226 million gallons per day, HRSD has eliminated the discharge of untreated sewage from homes and businesses across coastal Virginia. While these accomplishments are significant, the work continues as we further improve water quality and protect the region's long-term investment in critical wastewater infrastructure.

The HRSD Commission—an eight-member board appointed by the Governor of Virginia—approved the Fiscal Year 2027 budget at its regular meeting on May 26, 2026. In developing this budget, the Commission and HRSD staff remained focused on five Strategic Priorities: Environmental Responsibility, Talent, Innovation, Financial Stewardship, and Community Engagement. This budget reflects our continued commitment to protecting the waters of Hampton Roads while maintaining responsible financial stewardship on behalf of our ratepayers.

Like many sectors, the cost of providing essential services continues to be affected by inflation. Even so, wastewater treatment remains an exceptional value in Hampton Roads, with the typical household paying about one cent per gallon for a service that is essential to both public health and the environmental well-being of our region.

Chesapeake Bay Restoration

The Chesapeake Bay—the nation's largest and most iconic estuary—is a national treasure that continues to face significant challenges from nutrient pollution, largely driven by agriculture, stormwater runoff, and wastewater. With more than 18 million people living in the Bay watershed, wastewater accounts for roughly 20 percent of the excess nutrients entering the system.

Since 2006, HRSD has invested hundreds of millions of dollars in advanced treatment technologies, along with significant ongoing operational costs, to meet increasingly stringent federal nutrient reduction requirements. Despite these substantial efforts, current nutrient removal levels remain insufficient to achieve the Bay's overall restoration goals.

To help close this gap—particularly given slower progress from largely unregulated sources such as agriculture—the Commonwealth of Virginia has placed additional nutrient reduction requirements on HRSD's facilities. In 2021, the Virginia General Assembly enacted legislation establishing the Enhanced Nutrient Removal Certainty Program, requiring HRSD to invest nearly $2 billion in nutrient removal and related treatment upgrades. A significant portion of this work will be completed by Fiscal Year 2027, with full program completion required by 2032.

While many of these projects were already part of HRSD's long-term plans, the legislated timeline significantly accelerates their delivery. This compressed schedule limits flexibility to plan and implement the most cost-effective solutions, ultimately increasing the financial burden on HRSD and its ratepayers.

HRSD's Integrated Plan – Prioritized Investments to Address Hampton Roads Water Issues

Although the regional sanitary sewer system was not designed to carry stormwater, it can become overwhelmed during major storm events by rainwater runoff, groundwater infiltration, and tidal intrusion. When flows exceed system capacity, Sanitary Sewer Overflows (SSOs) can occur, allowing untreated sewage to reach local streets. The U.S. Environmental Protection Agency (EPA) has made reducing SSOs a national priority under the Clean Water Act, though achieving this goal presents significant financial challenges.

Fortunately, SSOs in Hampton Roads are relatively uncommon, due in part to the region's use of separate sanitary sewer and stormwater systems—unlike the combined systems found in many older urban areas. While HRSD remains committed to reducing and ultimately eliminating SSOs, their impact on local water quality is minimal, and the measurable benefits of full elimination are often limited.

In 2014, through negotiations with the EPA and in an effort to minimize regional costs, HRSD and its local government partners (the Localities) agreed to a cooperative regional approach to increase wet weather flow capacity. Although HRSD does not own the Localities' collection systems, it assumed responsibility for implementing prioritized capacity improvements across both its own infrastructure and the Localities' systems. This collaborative strategy significantly reduced overall compliance costs for the region.

More recently, the EPA introduced a "One Water" approach through its Integrated Planning Framework, allowing utilities to prioritize capital investments in ways that best protect public health and improve water quality. After several years of coordination with the EPA, the Virginia Department of Environmental Quality (DEQ), and the Localities, HRSD's Integrated Plan was approved on February 8, 2022. This plan marks a major milestone in regional collaboration, enabling HRSD to focus resources on the most critical water quality challenges while supporting long-term environmental and financial sustainability.

HRSD's SWIFT Program Offers Multiple Benefits and Saves the Region $5 Billion

At the heart of this Integrated Plan is HRSD's Sustainable Water Initiative for Tomorrow (SWIFT) program. This program will take HRSD's already highly treated water that would otherwise be discharged into the James and Elizabeth rivers and further treat it to meet drinking water standards to be used to recharge the groundwater aquifer. SWIFT will help to:

* *Provide a sustainable source of groundwater*
* *Slow the rate of land subsidence due to over withdrawal of the aquifer*
* *Block saltwater intrusion by creating a pressurized freshwater barrier, and*
* *Significantly reduce HRSD's nutrient discharges to the James and Elizabeth rivers.*

As a result of the projected reduction in nutrients, HRSD established nutrient trading agreements with each Locality allowing them to save over $2 billion in required stormwater retrofits required by the end of 2025.

Given SWIFT's significant environmental benefits for the region, HRSD is prioritizing SWIFT construction efforts and implementing two phases of high priority wet weather projects in our Integrated Plan. The key regulatory requirements include:

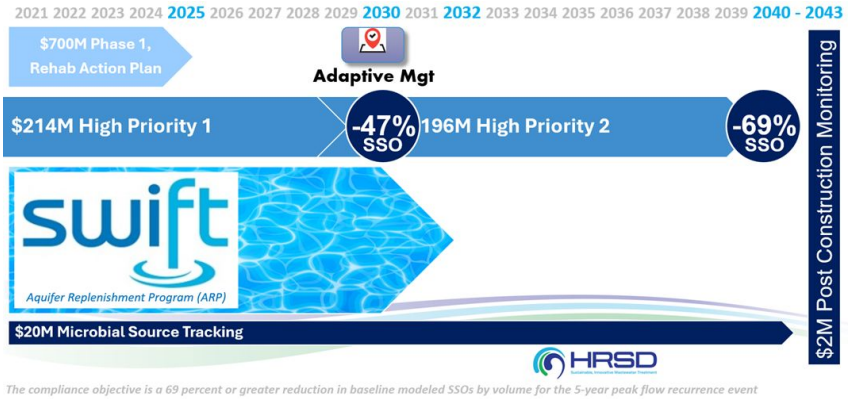
** $214 million of High Priority Wet Weather Projects from 2020 to 2030 to remove 47 percent of projected SSO volume*

** $250 million in improvements as part of our Rehabilitation Action Plan by 2025*

** $196 million of additional High Priority Wet Weather Projects from 2031 to 2040 to remove an additional 22 percent of SSO volume for a total reduction of 69 percent*

** Over $1 billion spent on SWIFT through 2032, and*

** $20 million in microbial source tracking through 2040.*



HRSD's Integrated Plan not only complies with the Clean Water Act for SSOs, but also with nutrient reduction requirements for the Chesapeake Bay restoration. Between 2011 and 2032, over 80 percent of the total nitrogen and total phosphorus will be eliminated from the Lower James River Basin.

In addition to helping to provide a sustainable groundwater supply, reducing the rate of land subsidence to lessen the effects of sea level rise in the region, protecting the aquifer from saltwater intrusion, and improving the health of the Chesapeake Bay, according to ODU's Dragas Center for Economic Policy, HRSD's regional approach to these regulatory requirements will save the region over $5 billion versus requiring each Locality to individually comply with the Clean Water Act and Chesapeake Bay nutrient reductions. ODU's estimates that our ratepayer bills are 47% lower with this One Water approach.

Pursuing Innovative Solutions to Reduce Costs and Protect Water Quality

HRSD continues to lead international research focused on reducing the cost of nutrient removal and improving the efficiency of wastewater treatment. These efforts are strengthened through strategic partnerships with leading universities and innovative utilities around the world. By applying insights gained through this collaboration, HRSD has already achieved significant results—lowering operating costs and avoiding the need for certain capital investments. A prime example is the York River Treatment Plant, the first facility in the world to implement mainstream deammonification. This groundbreaking, patented innovation delivers approximately $1 million in annual savings and has avoided an estimated $100 million in capital costs. HRSD's most prolific technology is inDENSE, which is a gravimetric selector using a hydrocyclone that can add 30%-50% capacity without adding new tanks. It is installed in over 140 utilities in 40 different countries.

Financing a Sustainable Water Future

Over the next five years, 59 percent of HRSD's $2.4 billion of capital improvement investments in the region are driven by evolving environmental regulations. To meet these requirements while minimizing the financial burden on customers, HRSD actively pursues low-cost financing strategies. HRSD is currently the largest borrower in the Virginia Clean Water Revolving Loan Fund (VCWRLF), administered by the Virginia Department of Environmental Quality and the Virginia Resources Authority. This federally subsidized program offers loans with interest rate reductions of up to 1.5% over 20 years.

In addition, HRSD secured $1.32 billion in Water Infrastructure Finance and Innovation Act (WIFIA) loans to support the Sustainable Water Initiative for Tomorrow (SWIFT) program, with approximately $970 million of that total locked in at a favorable 2.42 percent interest rate. Compared to current market conditions, these financing strategies are expected to save ratepayers more than $390 million over the life of the loans.

HRSD is also actively pursuing Virginia Water Quality Improvement Fund (WQIF) grants to help offset the costs of required nutrient reduction projects. However, the availability of these funds is contingent upon annual appropriations by the Virginia General Assembly.

The Community's Role

Our ratepayers play an important role in helping HRSD manage costs—and, in turn, control their own. Simple actions at home can make a meaningful difference by reducing strain on the wastewater system and improving overall efficiency. For example, making sure stormwater from downspouts, area drains, and sump pumps is not connected to the sanitary sewer system, and maintaining private sewer service lines to prevent leaks, can significantly reduce the amount of excess water entering the system.

Proper disposal habits also matter. Throwing fats, oils, and grease in the trash instead of down the drain helps prevent blockages and lowers maintenance and operating costs. The same is true for medications and other substances that wastewater treatment plants are not designed to remove. These should never be flushed, and so-called "flushable" wipes should be avoided, as they do not break down and can cause costly clogs. Every flush truly does count.

As we reflect on nearly 85 years of protecting public health and preserving the waters of Hampton Roads, we recognize the vision and determination of the Virginians who, in 1940, took bold action to safeguard our environment. Their foresight is the reason we enjoy clean waterways today.

Looking ahead, continued innovation, investment, and shared responsibility will be essential to ensure future generations inherit not only clean water—but the knowledge and tools to protect it.

Sincerely,



Jay A. Bernas, PE

General Manager/CEO

Principal Officials

May 1, 2026

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PFM FINANCIAL ADVISORS LLC
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NORTON ROSE FULLBRIGHT US LLP
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AQUALAW PLC
Special Counsel

THE BANK OF NEW YORK MELLON
Trustee and Bond Registrar

Key Facts

SERVICE AREA AND OPERATIONS	
Date Established	November 5, 1940
Communities Served	20 communities encompassing 4,998 square miles
Population Served	HRSD is a political subdivision of the Commonwealth of Virginia, created for the specific purpose of water pollution abatement in Hampton Roads by providing a system of interceptor mains and wastewater treatment plants. About 1.9 million, nearly one-fifth of Virginia's population, reside in HRSD's service area.

OPERATION AND FACILITIES	
No. of Positions (FY-2027)	1,028
Miles of Pipelines	557 Miles
Wastewater Treated	140 million gallons per day average
Wastewater Capacity	226 million gallons per day

FINANCIAL INFORMATION

Bond Ratings

Ratings Agency	Senior Debt
Standard & Poor's	AA+
Fitch Ratings	AA
Moody's Investors Service	Aa1

Operating Budget

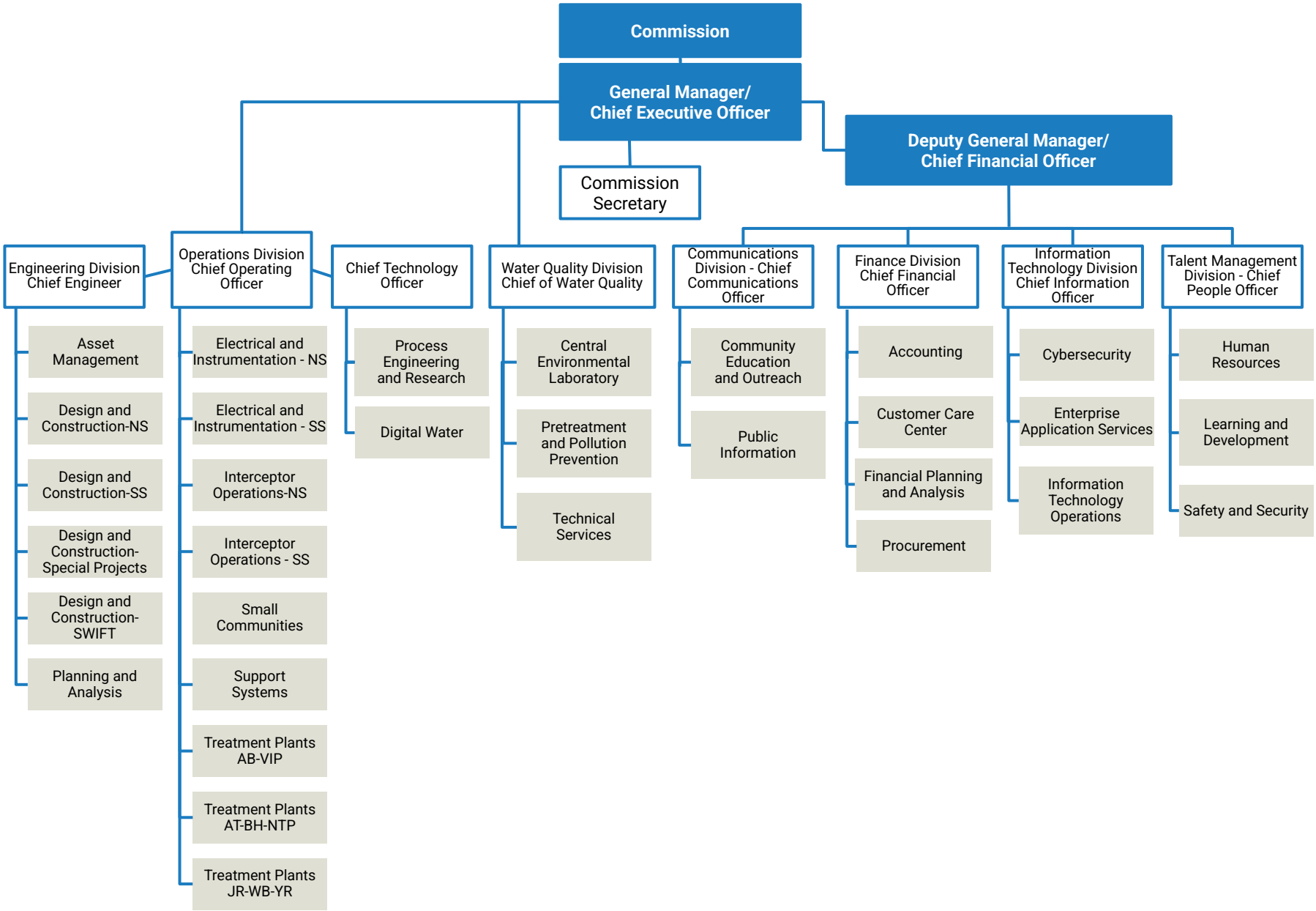
Operating Budget (FY-2027)	$560,441,550

Service Area



Organization Chart

July 1, 2026



History

HRSD can trace its beginnings to 1925 when the Virginia Department of Health condemned a large oyster producing area in Hampton Roads. The closure resulted in the Virginia General Assembly creating in 1927 a "Commission to Investigate and Survey the Seafood Industry of Virginia." Other studies recommended a public body to construct and operate a sewage system in the area. HRSD was named after Hampton Roads, a ship anchorage used for five centuries located near the convergence of the James, Elizabeth and Nansemond Rivers, before they flow into the Chesapeake Bay in southeastern Virginia.

In 1934, the Virginia General Assembly created the Hampton Roads Sanitation Disposal Commission with instructions to plan the elimination of pollution in Hampton Roads. Recommendations were made to the General Assembly, which resulted in the Sanitary Districts Law of 1938, along with "an Act to provide for and create the Hampton Roads Sanitation District." This Act required the qualified voters within HRSD to decide in a general election on November 8, 1938, if they favored creation of such a District. This referendum failed to gain a majority by about 500 votes out of nearly 20,000 votes cast. This led to a revision of the Act and another referendum was held on November 5, 1940, which resulted in a majority vote for the creation of the Hampton Roads Sanitation District.

The Enabling Act provides for HRSD to operate as a political subdivision of the Commonwealth of Virginia for the specific purpose of water pollution abatement in Hampton Roads by providing a system of interceptor mains and wastewater treatment plants. Its affairs are controlled by a Commission of eight members appointed by the Governor for four-year terms. Administration is under the direction of a General Manager, supported by division chiefs and their staffs.

HRSD began operations on July 1, 1946, using facilities acquired from the United States Government. The Warwick County Trunk Sewer, HRSD's first construction project, began on June 26, 1946, and was funded by HRSD's $6.5 million Primary Pledge Sewer Revenue Bonds, dated March 1, 1946. The first treatment plant, the Army Base Plant, began operation on October 14, 1947. Since that time, the facilities of HRSD have grown to provide sanitary sewer service to all major population centers in southeastern Virginia. The population served has increased from nearly 288,000 in 1940 to about 1.9 million in 2026.

Throughout its rich history HRSD has earned many of its industry's most prestigious awards. This tradition continued as HRSD earned the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for a second year in a row for its Popular Annual Financial Report, issued in Fall 2025 for the Fiscal Year ended June 2024.

Additional awards and honors received during the fiscal year ended June 30, 2025, and up through production of this publication (March 2026) include a Governor's Gold Medal Environmental Excellence Award for the "James River Land Improvements - Trails Phase I" project, National Association of Clean Water Agencies (NACWA) Peak Performance Awards for 11 HRSD treatment plants, Grand Award Winner at the 2026 American Council of Engineering Companies (ACEC) Virginia Engineering Excellence Awards for the James River Crossing project, the Technical Achievement in Government Award for the Sustainable Water Initiative for Tomorrow (SWIFT) project, given by Innovate Hampton Roads, the Sustained Distinguished Performance as a Model Level River Star Business from the Elizabeth River Project, and National Association of Clean Water Agencies (NACWA) National Environmental Achievement Awards in the categories of Community Leadership, Operational and Environmental Performance, Public Information and Education, and Research and Technology.

Rate Schedule

WASTEWATER TREATMENT RATE SCHEDULE

Service	FY-2027		FY-2026	
Flow (monthly basis)				
Per CCF *		$ 9.84		$ 9.03
Minimum charge (per day)		0.45		0.30
Surcharge, per milligrams/liter per CCF	In Excess of		In Excess of	
Biochemical Oxygen Demand (BOD)	297 mg/L	$ 0.000190	297 mg/L	$ 0.000185
Total Suspended Solids (TSS)	282 mg/L	0.000642	282 mg/L	0.000617
Total Phosphorus (TP)	7 mg/L	0.008870	7 mg/L	0.009068
Total Kjeldahl Nitrogen (TKN)	57 mg/L	0.003256	57 mg/L	0.003000
Surcharge, per 100 pounds				
Biochemical Oxygen Demand (BOD)	297 mg/L	$ 3.04	297 mg/L	$ 2.97
Total Suspended Solids (TSS)	282 mg/L	10.29	282 mg/L	9.88
Total Phosphorus (TP)	7 mg/L	142.09	7 mg/L	145.25
Total Kjeldahl Nitrogen (TKN)	57 mg/L	52.16	57 mg/L	48.05
Nutrient Credits				
Asset Charge ($/pound/year)				
Total Suspended Solids (TSS)		$ 8.73		$ 9.19
Total Phosphorus (TP)		60.74		63.88
Total Nitrogen (TN)		14.33		15.14
Operational Charge ($/pound)				
Total Suspended Solids (TSS)		$ 0.3825		$ 0.1279
Total Phosphorus (TP)		2.9520		1.0723
Total Nitrogen (TN)		0.6956		0.3185
Other Approved Hauled Wastes (per gallon)		$ 0.1936		$ 0.1849
Fats, Oils, and Grease (FOG) (per gallon)		0.3990		0.3804
Town Wholesale Treatment (per 1000 gallons)		3.55		3.55
Residential flat rate (per day) by meter size				
Less than 1 Inch		$ 1.66		$ 1.52
1 Inch		2.84		2.61

* CCF = 100 Cubic Feet (approximately 748 gallons)

VOLUME BASED FACILITY RATE SCHEDULE

Meter Size	FY-2027	FY-2026
5/8 Inch	$ 2,745	$ 2,540
3/4 Inch	4,275	4,275
1 Inch	8,045	7,685
1 ½ Inch	20,345	19,175
2 Inch	39,280	37,300
3 Inch	99,365	95,250
4 Inch	191,905	185,240
6 Inch	485,320	473,040
8 Inch	937,365	919,990
10 Inch	1,561,910	1,541,210

Rate Schedule

SMALL COMMUNITIES RATE SCHEDULE

Rates	FY-2027	FY-2026
Wastewater Treatement & Collections		
Per 1,000 gallons		
Small Communities (except for King William)	$ 20.46	$ 18.60
King William	20.63	18.77
Residential flat rate (per day) Less than 1-inch meter		
Small Communities (except for King William)	$ 2.65	$ 2.40
King William	2.67	2.43
Residential flat rate (per day) 1-inch meter		
Small Communities (except for King William)	$ 3.83	$ 3.49
King William	3.85	3.52
Wastewater Treatment Only		
Per 1,000 gallons		
Small Communities (except for King William)	$ 13.15	$ 12.07
King William	13.32	12.24
Residential flat rate (per day) Less than 1-inch meter		
Small Communities (except for King William)	$ 1.66	$ 1.52
King William	1.68	1.55
Residential flat rate (per day) 1-inch meter		
Small Communities (except for King William)	$ 2.84	$ 2.61
King William	2.86	2.64
Unmetered Accounts	$ 2.65	$ 2.40
Minimum charge - metered accounts (per day)	0.45	0.30

FEES

Fees	FY-2027	FY-2026
Damaged meter/antenna (plus cost of meter/antenna)	$ 250	$ 250
Damaged lock	100	100
Service restoration	100	100
Meter reading (customer-owned meter)	75	75
Inaccessible meter	50	50
Access card replacement	25	25
Returned payments	25	25
Delinquency and restoration fee	15	15
Account documentation	10	10
Deduction meter (per meter per month)	2	2

Reader's Guide to the Annual Budget

PURPOSE

The Annual Budget is an instrument that sets HRSD's budgetary policy and authorization to raise revenues and spend funds each fiscal year. The development of the Annual Budget is guided by HRSD's promise and vision statements:

- Promise: We promise to treat wastewater and recover natural resources to protect public health and the environment.
- Vision: Our communities will have clean waterways and reliable water resources for generations to come.

ANNUAL BUDGET OVERVIEW

HRSD's Annual Budget contains the following sections:

Financial Forecast

This section provides a high level, 20-year forecast of projected: revenues, operating expenses, debt service costs, transfers to both the Capital Improvement Plan and reserves, investments in capital assets and selected financial ratios that help to measure the financial health of HRSD. The forecast is an inflationary based model where trends from past fiscal years and proposed budgets are used to forecast future operating needs. Transfers to reserves and to the Capital budget are forecast to be in amounts that are not less than requirements established within HRSD's Financial Policy.

Operating Budget

The Operating Budget represents the authorization by the HRSD Commission to spend funds directly related to operating and maintaining HRSD's programs and assets during the fiscal year. This section includes each division's annual operating budgets. Those expenses that are not attributable to a specific division are assigned to "General Expenses." Transfers represent authorization to transfer revenues raised from operations to either the Capital Budget or to various reserves established in HRSD's Financial Policy. The Operating Budget Summary provides the budget by division and major object code classification. Division Budgets and General Expenses, Debt Service and Transfers detail budget expenditures by major object code classification. The number of full-time positions authorized for the fiscal year is provided by division.

Capital Budget

The Capital Budget represents a plan of specific, major capital improvements over a period of ten fiscal years. The Capital Budget is not an approval or appropriation of funds for individual projects. There is no authorization or funding for individual projects until the Commission acts on the specific project. The Commission formally authorizes spending for individual projects throughout a fiscal year and generally upon project initiation.

The Capital Budget details the funding sources for capital improvements as well as planned expenditures.

A formal, detailed, Capital Improvement Program with more specific project information is available at https://www.hrsd.com/cip.

HRSD's budget authorizations, capital improvement plans, user rate setting practices and other significant financial practices are guided by HRSD's Financial Policy and Revenue Policy. The Financial Policy and Revenue Policy are available at http://www.hrsd.com/finance.

HRSD's Rate Schedule is available at http://www.hrsd.com/finance.

BUDGETARY PROCESS

HRSD prepares its Annual Budget under the provisions of its enabling legislation and its Trust Agreement. In accordance with those provisions, the following process is used to adopt the Annual Budget:

- The process begins in late December with the issuance of the Annual Budget Instructions from the Chief Executive Officer/General Manager (CEO). Each division completes its Operating Budget by March 1 for the CEO's review.
- The HRSD Commission appoints a Finance Committee which typically consists of three Commissioners. The committee generally meets in March and April to review the budgets.
- The final Annual Budget, which incorporates the Operating and Capital Budgets, is presented at the May Commission meeting for adoption. The Commission adopts the budget and any resulting wastewater rate schedule changes. All rate adjustments must be publicly advertised four consecutive weeks before they can take effect.

BUDGETARY ACCOUNTING AND CONTROL

HRSD operates in accordance with annual operating and capital budgets prepared on a basis of accounting that is different from generally accepted accounting principles.

The Operating Budget is adopted by division, with budgetary controls exercised administratively by management at the division level. The CEO is authorized to add or eliminate positions and transfer funds among divisions without further approval by the Commission. Appropriations lapse at the end of the fiscal year. Valid, outstanding encumbrances (those for which performance under a contract is expected in the next year) are re-appropriated without further approval by the Commission and become part of the subsequent year's budget.

The Capital Budget represents a ten-year plan. Funds for the Capital Budget are adopted on a project basis throughout the fiscal year and continue until the purpose of the appropriation has been fulfilled. Transfers between projects require approval by the Commission.

Glossary of Financial Terms

Adjusted Days Cash on Hand: Days Cash on Hand that excludes accrued debt service, the Risk Reserve, the Renewal and Replacement Reserve, and cash earmarked for the CIP.

Appropriation: An authorization granted by the Commission to incur obligations for specific purposes. Appropriations are usually limited to amount, purpose and time.

Basis of Accounting: HRSD's financial statements report the financial position and results of operations of HRSD in accordance with generally accepted accounting principles in the United States of America.

Bond Ratings: A grade given to bonds that represents a measure of their credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these evaluations of a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion.

Capital Improvement Program (CIP): Ten-year plan for major non-recurring facility, infrastructure, or acquisition expenditures that expand or improve HRSD and/or locality assets. Projects included in the CIP include physical descriptions, implementation schedules, year of expenditure cost and funding source estimates, and an indication of HRSD Commission priorities and community benefits.

Centum Cubic Feet (CCF): Typical unit in which industrial-consumption of natural gas or water is measured; each CCF being 100 cubic-feet.

CIP Percent Cash Funded: Percent of each year's capital improvement plan funded with cash through transfers from operations. HRSD's Financial Policy requires that at least 15 percent of each year's planned capital improvements be funded with cash.

Days Cash on Hand: Measured by current and non-current unrestricted cash and investments, plus any restricted cash and investments, if available for general system purposes, divided by Operating Expenses, divided by 365.

Debt Service: Amount of money necessary to pay principal and interest on debt outstanding.

Debt Service as a Percent of Revenues: Total debt service divided by total revenue. This ratio measures the debt service burden compared to total revenues.

Debt Service Coverage: Current-year revenues available for debt service divided by current-year debt service. This ratio indicates the financial margin to meet current debt service with current revenues available. HRSD's Financial Policy requires that Debt Service Coverage, as defined in its Trust Agreement, will not be less than 1.4 times debt service. HRSD's Trust Agreement requires Debt Service Coverage, which is determined by dividing the Income Available for Debt Service by the Maximum Annual Debt Service, to not be less than 1.2 times.

Net Performance Margin: The Financial Forecast includes a Net Performance Margin, reflecting HRSD's consistent track record of delivering wastewater treatment services below the authorized budget through operational efficiencies, disciplined execution, and ongoing cost management. This margin is not a contingency or reserve, but a data-informed adjustment based on historical performance trends. Incorporating it provides a more realistic estimate of the future rate adjustments needed to meet HRSD's financial targets while providing full transparency around the authorized funding level.

Risk Management Reserve: HRSD maintains a self-insurance program for some of its risk exposures. HRSD's Financial Policy requires HRSD to maintain a Risk Management Reserve as of the end of the fiscal year of not less than 25 percent of projected annual self-insured claims costs for known, retained risks.

Trust Agreement: The formal agreement between bond holders, acting through a trustee, and HRSD.

Unrestricted Cash: Unrestricted cash and investments at fiscal year-end that are not earmarked for another purpose.



Financial Forecast



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Financial Forecast

Each fiscal year, HRSD establishes and updates a 20-year financial forecast. The forecast is a comprehensive forward-looking estimate of HRSD's financial performance based on historical data, capital market trends and management insights. It serves as a critical tool for planning, decision making, capital investments and understanding projected cash flows. Transfers to reserves and to the Capital Improvement Plan are forecast to be in amounts that are not less than the parameters established in HRSD's Financial Policy.

The financial forecast was prepared assuming that HRSD will receive $1.3 billion in Water Quality Improvement Fund (WQIF) grants for its projects identified in Virginia's Enhanced Nutrient Removal Certainty Program (ENRCP). WQIF is Virginia's longstanding funding program to support the restoration and protection of water quality in Virginia. While eligibility criteria, as established in state law, includes wastewater nutrient removal upgrades and certain conveyance projects that divert wastewater flow to wastewater treatment plants with nutrient removal, program funding is subject to appropriation by the Virginia General Assembly.

WQIF plays a critical role in supporting the Hampton Roads region. Without such support, the forecast will need to be revised, and rate payers' bills would see an additional increase of at least 15 percent for HRSD to meet its federal and state mandated water quality objectives. Fortunately, the WQIF program has been sufficiently supported by state appropriations since its establishment in 1997, allowing the state to pay a share of eligible project costs for reducing nutrient discharges into state waters.

HRSD Financial Forecast

FY-2027 - FY-2036

(in thousands)

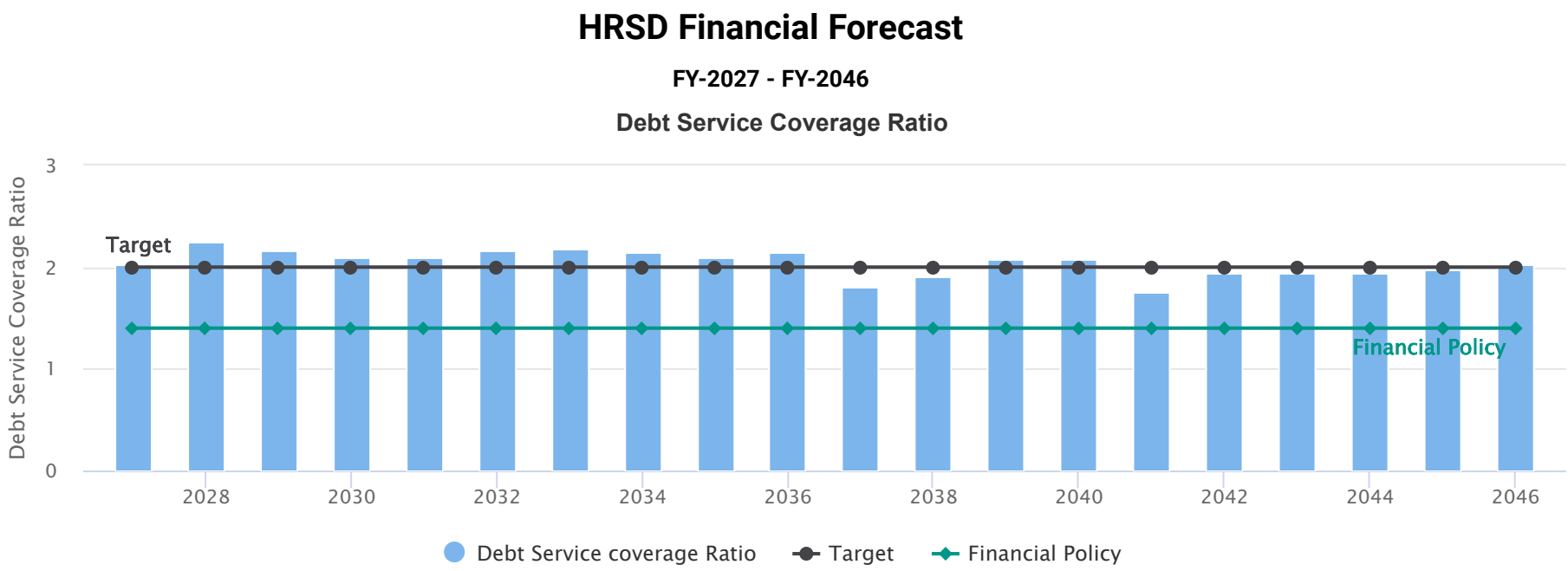
	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Budget										
Revenues	$ 560,442	$ 585,210	$ 610,477	$ 632,001	$ 652,415	$ 673,660	$ 695,626	$ 718,361	$ 741,851	$ 766,080
Less:										
Operating Expenses	265,295	288,335	309,791	346,948	365,422	385,986	404,906	424,759	445,589	467,446
Debt Service	111,745	107,649	119,190	120,477	118,977	114,720	114,986	117,617	120,787	121,480
Transfers to Capital Improvement Plan	183,402	189,226	181,496	138,586	150,320	153,268	157,604	156,966	155,521	156,220
Transfers to Reserves	$ -	$ -	$ -	$ 25,990	$ 17,696	$ 19,686	$ 18,130	$ 19,019	$ 19,954	$ 20,934
Transfers to Capital Improvement Plan	183,402	189,226	181,496	138,586	150,320	153,268	157,604	156,966	155,521	156,220
Net Performance Margin	13,265	14,417	15,490	17,347	18,271	19,299	20,245	21,238	22,279	23,372
Adjusted Transfers to Capital Improvement Plan	$ 196,667	$ 203,643	$ 196,986	$ 155,933	$ 168,591	$ 172,567	$ 177,849	$ 178,204	$ 177,800	$ 179,592
Capital Improvement Plan	$ 730,000	$ 510,000	$ 310,000	$ 280,000	$ 290,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Financial Ratios										
Days Operating Expenses Available in Reserves	418	384	358	347	347	347	347	347	347	347
Debt Service Coverage Ratio	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Portion of Capital Improvement Plan Debt Financed	16%	40%	22%	37%	0%	5%	29%	29%	29%	28%
Average Monthly Bill	$ 54.12	$ 57.09	$ 59.71	$ 61.87	$ 63.94	$ 66.09	$ 68.32	$ 70.63	$ 73.01	$ 75.47

HRSD Financial Forecast

FY-2037 - FY-2046

(in thousands)

	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
Operating Budget										
Revenues	$ 790,990	$ 816,990	$ 843,733	$ 875,600	$ 908,621	$ 942,592	$ 978,160	$ 1,021,100	$ 1,065,524	$ 1,112,404
Less:										
Operating Expenses	488,559	505,847	526,386	547,763	572,453	593,171	617,274	642,362	668,475	695,621
Debt Service	149,960	144,981	136,096	140,591	171,216	159,485	165,307	173,653	179,886	184,389
Transfers to Capital Improvement Plan	132,239	149,557	161,553	166,747	141,298	170,051	172,471	181,035	192,134	206,376
Transfers to Reserves	$ 20,232	$ 16,605	$ 19,698	$ 20,499	$ 23,654	$ 19,885	$ 23,108	$ 24,050	$ 25,029	$ 26,018
Transfers to Capital Improvement Plan	132,239	149,557	161,553	166,747	141,298	170,051	172,471	181,035	192,134	206,376
Net Performance Margin	24,428	25,292	26,319	27,388	28,623	29,659	30,864	32,118	33,424	34,781
Adjusted Transfers to Capital Improvement Plan	$ 156,667	$ 174,849	$ 187,872	$ 194,135	$ 169,921	$ 199,710	$ 203,335	$ 213,153	$ 225,558	$ 241,157
Capital Improvement Plan	$ 276,181	$ 284,230	$ 310,174	$ 348,331	$ 325,155	$ 344,375	$ 318,578	$ 250,000	$ 250,000	$ 250,000
Financial Ratios										
Days Operating Expenses Available in Reserves	347	347	347	347	347	347	347	347	347	347
Debt Service Coverage Ratio	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Portion of Capital Improvement Plan Debt Financed	43%	38%	39%	44%	48%	42%	36%	15%	10%	4%
Average Monthly Bill	$ 77.99	$ 80.65	$ 83.37	$ 86.62	$ 89.98	$ 93.45	$ 97.08	$ 101.47	$ 106.01	$ 110.80


HRSD Financial Forecast
FY-2027 - FY-2046
Debt Service Coverage Ratio
Debt Service Coverage Ratio
3
2
1
0
Target
Financial Policy
2028
2030
2032
2034
2036
2038
2040
2042
2044
2046
Debt Service coverage Ratio
Target
Financial Policy



Operating Budget



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Operating Budget

	FY-2027	Adopted FY-2026	Increase/ (Decrease)	Percent Change
Operating Revenues				
Wastewater Treatment Charges	$ 537,104,550	$ 496,372,000	$ 40,732,550	8.2%
Miscellaneous	1,972,000	1,542,000	430,000	27.9%
Total-Operating Revenue	539,076,550	497,914,000	41,162,550	8.3%
Non-Operating Revenues				
Wastewater Facility Charges	6,740,000	6,620,000	120,000	1.8%
Investment Earnings	12,968,000	11,500,000	1,468,000	12.8%
Other	1,657,000	1,545,000	112,000	7.2%
Total Non-Operating Revenues	21,365,000	19,665,000	1,700,000	8.6%
Total Revenues	560,441,550	517,579,000	42,862,550	8.3%
Total Revenues	**$ 560,441,550**	**$ 517,579,000**	**$ 42,862,550**	**8.3%**
Operating Appropriations				
General Management	$ 1,067,657	$ 683,783	$ 383,874	56.1%
Communications	1,046,423	1,108,884	(62,461)	(5.6%)
Finance	22,031,264	20,797,556	1,233,708	5.9%
Information Services	35,596,123	23,993,556	11,602,567	48.4%
Talent Management	5,112,387	3,969,485	1,142,902	28.8%
Operations	160,257,571	148,349,733	11,907,838	8.0%
Engineering	11,942,930	12,182,066	(239,136)	(2.0%)
Water Quality	22,961,532	20,840,752	2,120,780	10.2%
General Expenses	5,278,295	4,551,841	726,454	16.0%
Total-Operating Appropriations	265,294,182	236,477,656	28,816,526	12.2%
Appropriations for Debt Service and Transfers				
Debt Service	111,745,000	108,000,000	3,745,000	3.5%
Transfer to CIP	183,402,368	173,101,344	10,301,024	6.0%
Total Appropriations for Debt Service and Transfers	295,147,368	281,101,344	14,046,024	5.0%
Total Appropriations	**$ 560,441,550**	**$ 517,579,000**	**$ 42,862,550**	**8.3%**

Operating Budget Summary

	General Management	Communications	Finance	Information Technology	Talent Management	Operations	Engineering
Personal Services	$ 581,581	$ 763,164	$ 10,786,767	$ 9,533,454	$ 3,306,632	$ 57,686,226	$ 7,606,300
Fringe Benefits	140,771	226,382	3,839,425	2,988,449	1,061,575	21,110,111	2,318,631
Material & Supplies	50,000	2,739	81,822	1,273,540	121,750	10,611,685	64,275
Transportation	13,125	10,200	19,552	11,900	26,000	2,201,766	34,490
Utilities	-	-	250,000	1,400,000	-	15,809,267	-
Chemical Purchases	-	-	-	-	-	17,114,350	-
Contractual Services	186,970	-	6,715,077	18,436,080	87,500	24,279,398	1,686,100
Major Repairs	-	-	-	1,462,500	-	9,757,469	-
Capital Assets	-	-	-	-	-	424,214	-
Miscellaneous	95,210	43,938	338,621	490,200	508,930	1,263,085	233,134
Divisional Appropriations	**$ 1,067,657**	**$ 1,046,423**	**$ 22,031,264**	**$ 35,596,123**	**$ 5,112,387**	**$ 160,257,571**	**$ 11,942,930**
Debt Service Costs							
Transfer to CIP							
Debt Service and Transfers							
Total	**$ 1,067,657**	**$ 1,046,423**	**$ 22,031,264**	**$ 35,596,123**	**$ 5,112,387**	**$ 160,257,571**	**$ 11,942,930**

Full-time Positions:

	General Management	Communications	Finance	Information Technology	Talent Management	Operations	Engineering
FY-2026 Amended Budget	2	6	117	65	26	585	51
New FY-2027 Positions	1	1	5	5	3	28	5
FY-2027 Budget	3	7	122	70	29	613	56

Operating Budget Summary

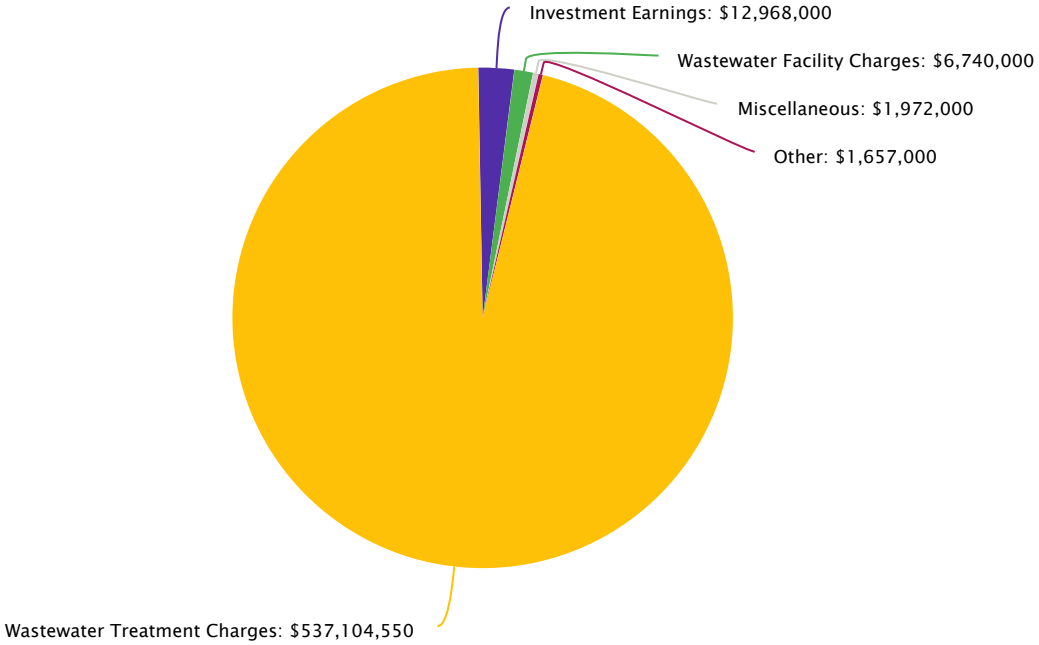
	Water Quality	General Expenses	FY-2027 Budget	Percent of Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 12,802,862	$ (5,425,000)	$ 97,641,986	17.4%	$ 86,931,718	$ 10,710,268	12.3%
Fringe Benefits	4,615,710	(1,513,788)	34,787,266	6.2%	31,343,890	3,443,376	11.0%
Material & Supplies	2,009,002	45,000	14,259,813	2.5%	15,133,792	(873,979)	(5.8%)
Transportation	14,850	-	2,331,883	0.4%	2,669,455	(337,572)	(12.6%)
Utilities	2,808	752,000	18,214,075	3.2%	17,875,955	338,120	1.9%
Chemical Purchases	-	-	17,114,350	3.1%	18,487,242	(1,372,892)	(7.4%)
Contractual Services	2,385,000	10,012,083	63,788,208	11.4%	47,039,656	16,748,552	35.6%
Major Repairs	72,000	-	11,291,969	2.0%	11,732,392	(440,423)	(3.8%)
Capital Assets	326,000	-	750,214	0.1%	856,900	(106,686)	(12.5%)
Miscellaneous	733,300	1,408,000	5,114,418	0.9%	4,406,656	707,762	16.1%
Divisional Appropriations	**$ 22,961,532**	**$ 5,278,295**	**$ 265,294,182**	**47.3%**	**$ 236,477,656**	**$ 28,816,526**	**12.2%**
Debt Service Costs		111,745,000	111,745,000	19.9%	108,000,000	3,745,000	3.5%
Transfer to CIP		183,402,368	183,402,368	32.7%	173,101,344	10,301,024	6.0%
Debt Service and Transfers		**295,147,368**	**295,147,368**	**52.7%**	**281,101,344**	**14,046,024**	**5.0%**
Total	**$ 22,961,532**	**$300,425,663**	**$ 560,441,550**	**100.0%**	**$ 517,579,000**	**$ 42,862,550**	**8.3%**

Full-time Positions:

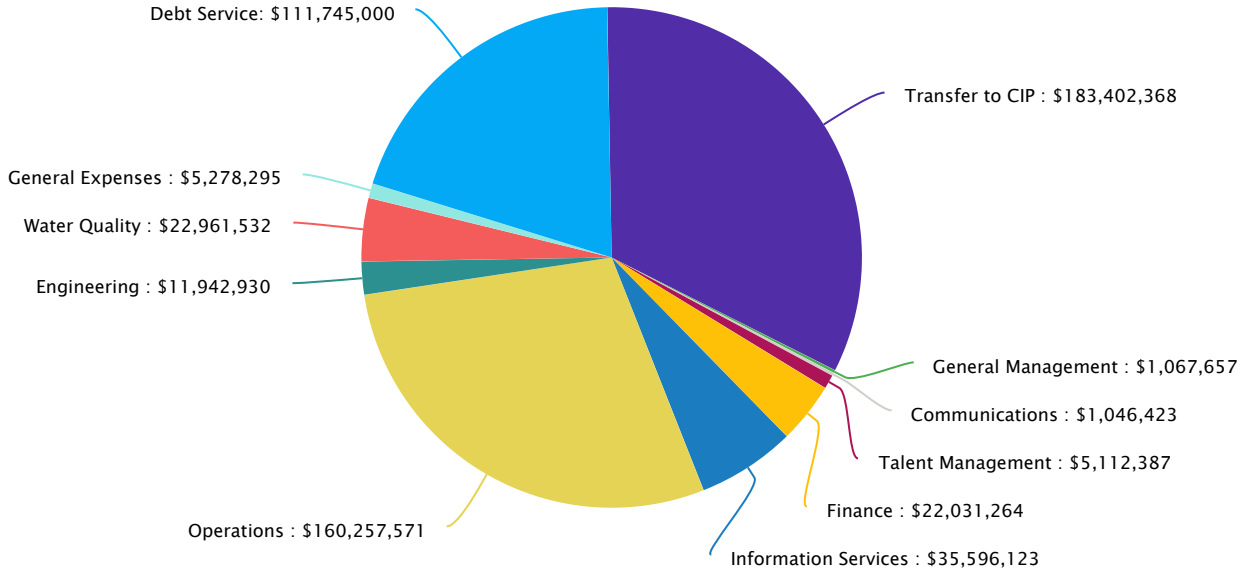
	Water Quality	Total Positions
FY-2026 Amended Budget	127	979
New FY-2027 Positions	1	49
FY-2027 Budget	128	1,028

Operating Budget Charts

Revenues and Transfers In
$560,441,550



Expenses and Transfers Out
$560,441,550



General Management

The General Manager/CEO supervises the Division Leaders and the Commission Secretary. The Commission Secretary provides administrative support to the General Manager/CEO as well as the HRSD Commission.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$581,581	$402,872	$178,709	44.4%
Fringe Benefits	140,771	111,561	29,210	26.2%
Material & Supplies	50,000	15,000	35,000	233.3%
Transportation	13,125	12,500	625	5.0%
Contractual Services	186,970	120,000	66,970	55.8%
Miscellaneous	95,210	21,850	73,360	335.7%
Total	**$1,067,657**	**$683,783**	**$383,874**	**56.1%**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**3**	**2**	**1**



Communications

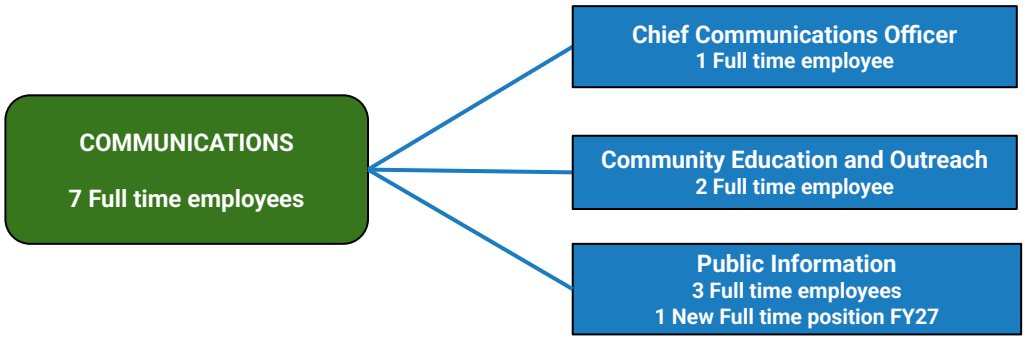
The Communications Division supports HRSD's Promise and Vision through public outreach, community engagement, educational programming and environmental and locality partnerships. The Division manages communications strategy, internal and external communications, media relations and branding through numerous channels and resources - including publications, traditional media, social media and web, graphic design, speaking engagements, interactive classroom activities, tours and special events. The Communications Division consists of a Communications Manager, Public Information Specialists, Community Education and Outreach Specialists, and the Chief Communications Officer.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 763,164	$ 589,607	$ 173,557	29.4%
Fringe Benefits	226,382	164,882	61,500	37.3%
Material & Supplies	2,739	255,000	(252,261)	(98.9%)
Transportation	10,200	15,000	(4,800)	(32.0%)
Contractual Services	-	55,000	(55,000)	(100.0%)
Miscellaneous	43,938	29,395	14,543	49.5%
Total	**$ 1,046,423**	**$ 1,108,884**	**$ (62,461)**	**(5.6%)**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**7**	**6**	**1**



Finance

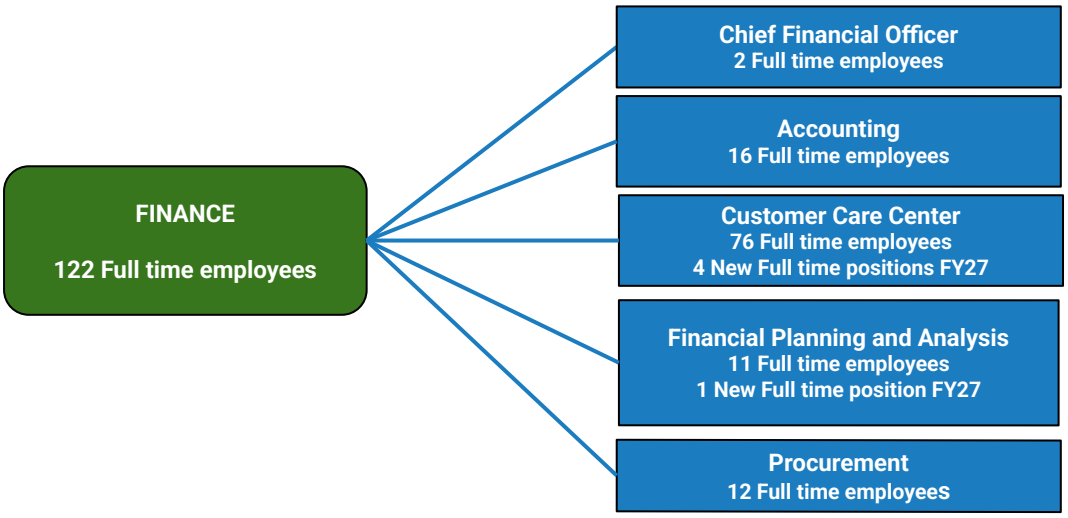
The Finance Division oversees HRSD's core financial and business operations, including financial reporting, investment portfolio management, debt and risk management, and customer billing. The Accounting department manages key fiscal functions such as preparing financial statements, developing budgets, producing management reports, and administering payroll. The Customer Care department is responsible for billing, payment processing, collections, maintaining customer accounts, and serving as the primary liaison with HRSD's customers. The Financial Planning and Analysis department leads the planning and financing of the Capital Improvement Program, oversees debt management and regulatory compliance, and serves as the functional lead for the Enterprise Resource Planning (ERP) system. The Procurement department manages the acquisition of goods and services—including professional, non-professional, and certain construction services—while also overseeing supplier relationships and the disposition of surplus property.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 10,786,767	$ 9,732,557	$ 1,054,210	10.8%
Fringe Benefits	3,839,425	3,494,403	345,022	9.9%
Material & Supplies	81,822	90,334	(8,512)	(9.4%)
Transportation	19,552	29,440	(9,888)	(33.6%)
Utilities	250,000	238,122	11,878	5.0%
Contractual Services	6,715,077	6,797,547	(82,470)	(1.2%)
Major Repairs	-	110,000	(110,000)	(100.0%)
Miscellaneous	338,621	305,153	33,468	11.0%
Total	**$ 22,031,264**	**$ 20,797,556**	**$ 1,233,708**	**5.9%**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**122**	**117**	**5**



Information Technology

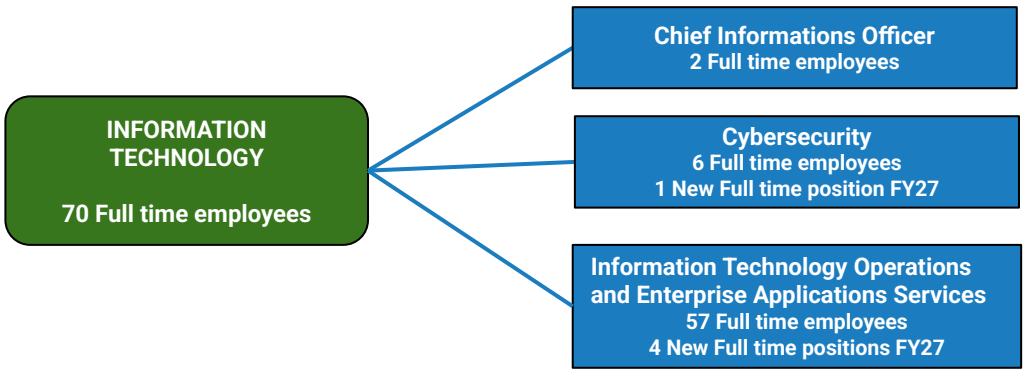
The Information Technology Division enables the organization's mission by delivering secure, reliable, and forward-looking technology solutions that drive operational excellence and long-term value. With a strong strategic focus on innovation, fiscal responsibility, and talent development, the division aligns technology investments with business priorities to maximize impact and efficiency. Innovation remains central to advancing capabilities, as the division continuously evaluates and implements emerging technologies to enhance service delivery, strengthen cybersecurity, and improve data-driven decision-making with a disciplined approach to fiscal stewardship to ensure resources are optimized, investments are prioritized, and technology solutions deliver measurable value while maintaining cost efficiency. The division is committed to cultivating a high-performing workforce by attracting, developing, and retaining skilled professionals. Together, these strategic pillars position the Information Technology Division to deliver resilient, secure, and innovative solutions that support both current operations and future growth.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 9,533,454	$ 8,245,648	$ 1,287,806	15.6%
Fringe Benefits	2,988,449	2,584,608	403,841	15.6%
Material & Supplies	1,273,540	969,300	304,240	31.4%
Transportation	11,900	28,100	(16,200)	(57.7%)
Utilities	1,400,000	1,435,000	(35,000)	(2.4%)
Contractual Services	18,436,080	7,520,100	10,915,980	145.2%
Major Repairs	1,462,500	2,871,700	(1,409,200)	(49.1%)
Miscellaneous	490,200	339,100	151,100	44.6%
Total	**$ 35,596,123**	**$ 23,993,556**	**$ 11,602,567**	**48.4%**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**70**	**65**	**5**



Talent Management

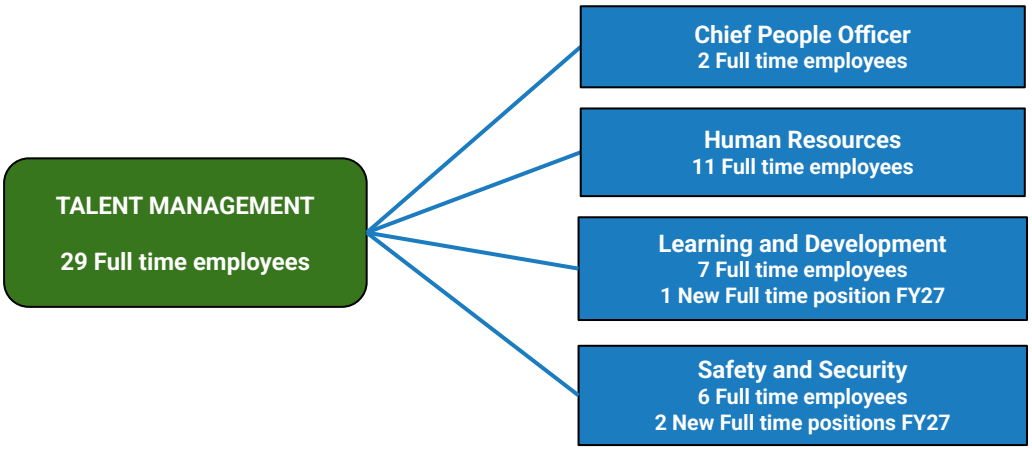
The Talent Management (TM) division is strategically aligned to support HRSD's vision and goals by attracting, developing, and retaining a high-performing, engaged, and mission-driven workforce. TM includes Human Resources (HR), Learning & Development (L&D), and Safety and Security (S&S). The HR department leads enterprise talent strategies through targeted recruitment, customer-focused onboarding, and a competitive total rewards program. HR also advances employee well-being and strives to foster a culture of respect, accountability, and operational consistency through clear policies and practices. The L&D department builds organizational capability by aligning training, education, and experiential learning with HRSD's strategic priorities and evolving industry demands. This includes oversight of the Apprenticeship Program and targeted workforce development initiatives. The S&S department ensures a safe, secure, and compliant work environment through comprehensive occupational health and safety programs, regulatory adherence, risk management, emergency preparedness, and physical security operations.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 3,306,632	$ 2,502,416	$ 804,216	32.1%
Fringe Benefits	1,061,575	821,102	240,473	29.3%
Material & Supplies	121,750	113,750	8,000	7.0%
Transportation	26,000	18,000	8,000	44.4%
Contractual Services	87,500	80,000	7,500	9.4%
Miscellaneous	508,930	434,217	74,713	17.2%
Total	**$ 5,112,387**	**$ 3,969,485**	**$ 1,142,902**	**28.8%**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**29**	**26**	**3**



Operations

The Operations Division is responsible for operating and maintaining HRSD's treatment plants, pump stations, pipelines, buildings, vehicles, and equipment. Operations also include the Engineering Division and the Water Technology and Research Division. The Engineering Division encompasses three design and construction departments, as well as planning and analysis and asset management functions, to support capital projects and system improvements, while the Water Technology and Research Division focuses on researching new technologies and rapidly deploying innovative solutions to enhance water quality. HRSD provides wastewater treatment services to over 1.9 million people in 20 cities, counties, and towns. Services are delivered through nine departments, including three major treatment plant departments within the Operations Division. The Small Communities department provides services to small communities within the HRSD service area, operating four smaller treatment plants and associated sewer collection systems for four counties on the Middle Peninsula and the Town of West Point, as well as two treatment plants and associated sewer collection systems for the Towns of Chincoteague and Onancock on the Eastern Shore of Virginia. The Electrical and Instrumentation Departments manage the electrical and instrumentation maintenance and construction needs of all HRSD facilities, including programming industrial controls and automation, and are also responsible for energy management and research to identify innovative, cost-effective ways to improve energy consumption. The two Interceptor Operations departments operate and maintain over 500 miles of interceptor pipelines and more than 100 pump stations, ensuring wastewater is efficiently conveyed to each treatment plant. The Support Services department oversees the maintenance of the HRSD fleet, all facilities, the carpentry shop, a full-service machine shop, and the management of the Construction Support Team.

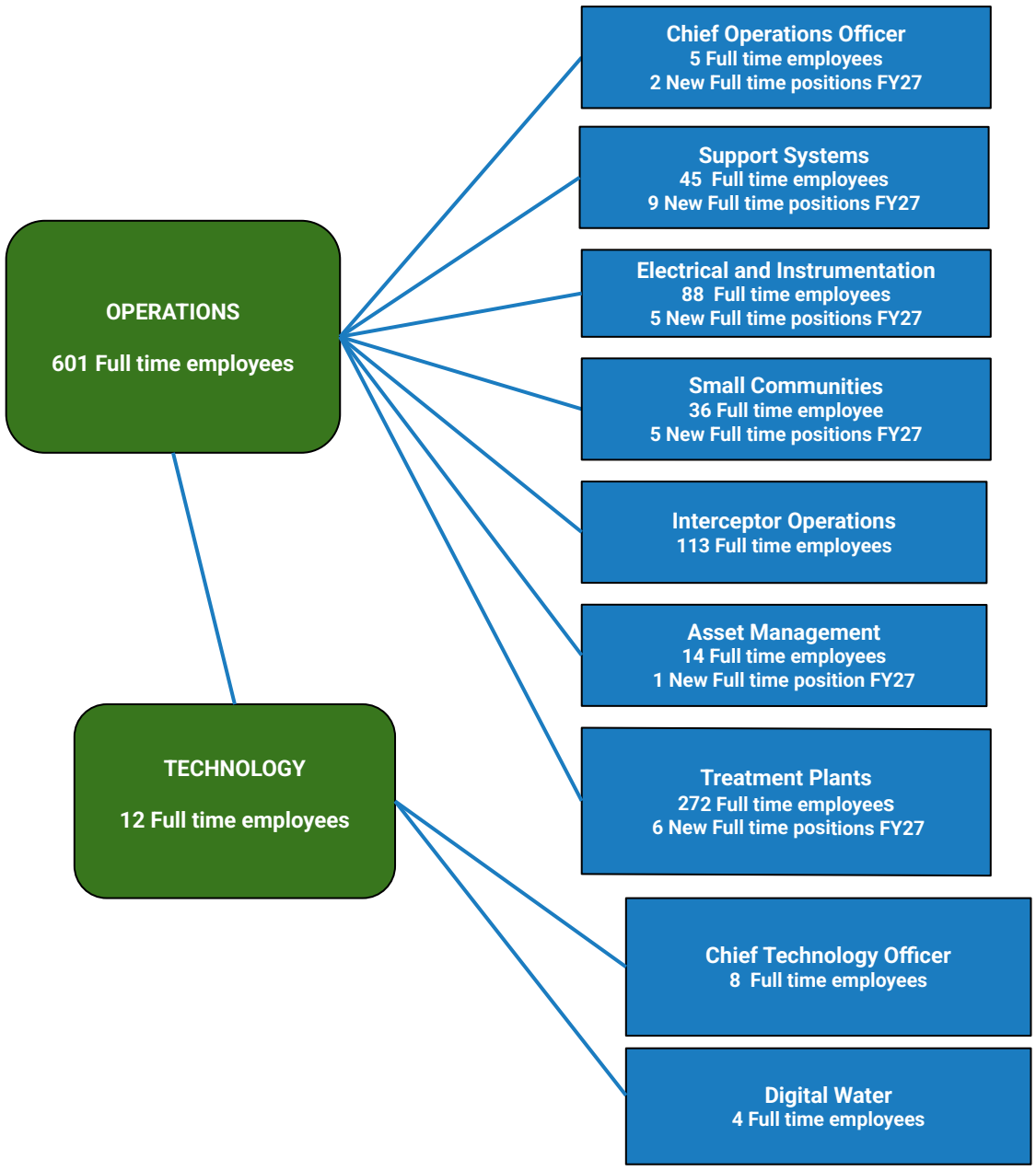
Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 57,686,226	$ 50,288,511	$ 7,397,715	14.7%
Fringe Benefits	21,110,111	18,538,188	2,571,923	13.9%
Material & Supplies	10,611,685	10,820,692	(209,007)	(1.9%)
Transportation	2,201,766	2,472,420	(270,654)	(10.9%)
Utilities	15,809,267	15,528,025	281,242	1.8%
Chemical Purchases	17,114,350	18,487,242	(1,372,892)	(7.4%)
Contractual Services	24,279,398	21,667,363	2,612,035	12.1%
Major Repairs	9,757,469	8,591,692	1,165,777	13.6%
Capital Assets	424,214	856,900	(432,686)	(50.5%)
Miscellaneous	1,263,085	1,098,700	164,385	15.0%
Total	**$160,257,571**	**$148,349,733**	**$ 11,907,838**	**8.0%**

Operations (Continued)

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	613	585	28



Engineering

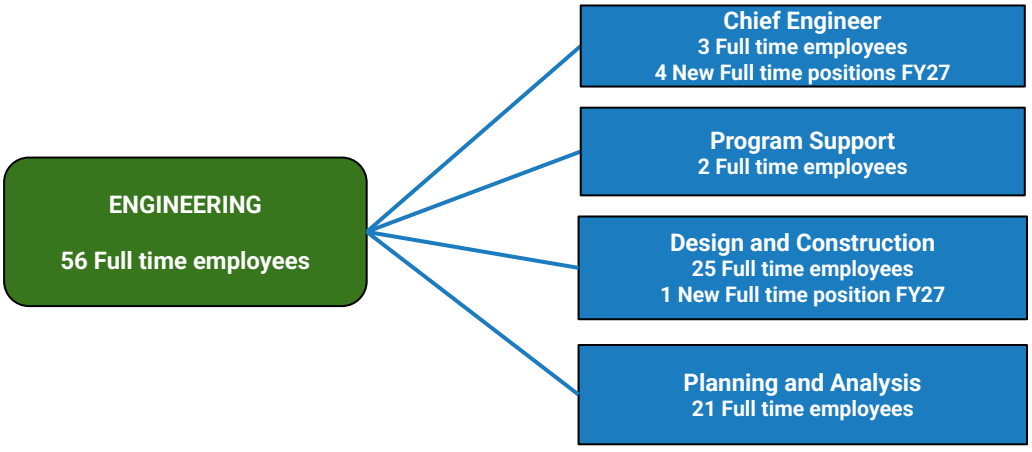
The Engineering Division is responsible for planning, development review, and delivery of HRSD's Capital Improvement Program in support of HRSD's promise and vision. This is accomplished by leveraging the skills of 50+ staff across six departments who are supported by more than 1,000 consultants and contractors. The Planning and Analysis department manages Hydraulics and Capacity, Development Services, Geographic Information System, and Data Analysis, and is responsible for determining the capital infrastructure improvements required to meet the region's future wastewater needs. The four Design and Construction departments deliver capital projects in accordance with HRSD's Design & Construction Standards. The newly formed Program Support Office department is developing procedures and dashboards to ensure the CIP is delivered efficiently, transparently, and consistently.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 7,606,300	$ 8,006,940	$ (400,640)	(5.0%)
Fringe Benefits	2,318,631	2,503,240	(184,609)	(7.4%)
Material & Supplies	64,275	137,300	(73,025)	(53.2%)
Transportation	34,490	34,745	(255)	(0.7%)
Contractual Services	1,686,100	1,235,100	451,000	36.5%
Miscellaneous	233,134	264,741	(31,607)	(11.9%)
Total	**$ 11,942,930**	**$ 12,182,066**	**$ (239,136)**	**(2.0%)**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**56**	**51**	**5**



Water Quality

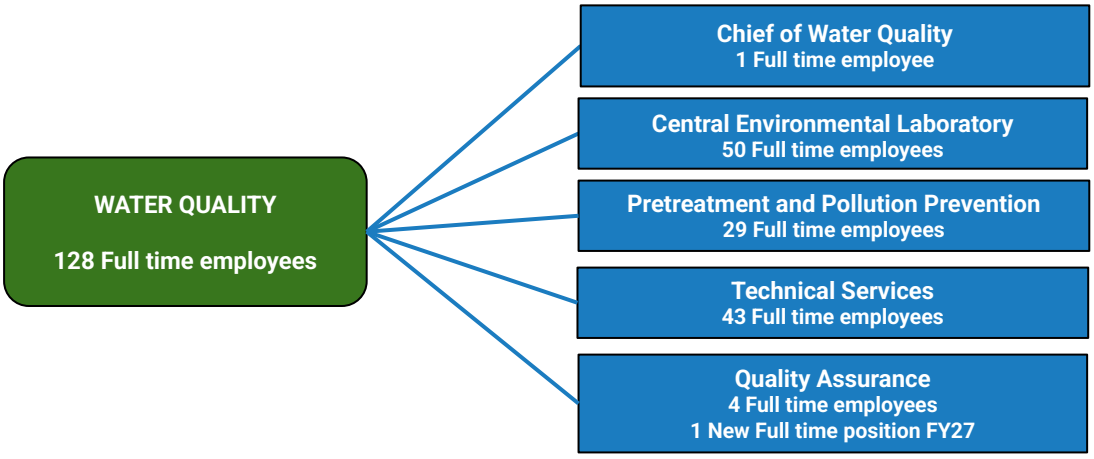
The Water Quality Division's mission is to provide quality environmental services to support HRSD and its partners. This division helps ensure compliance with HRSD environmental permits and leads regulatory advocacy through the work of four departments. The Central Environmental Laboratory department uses the Environmental Data Management System and other tools to provide analytical support for numerous monitoring, research and regulatory purposes. The Pretreatment and Pollution Prevention department monitors wastewater conveyed to treatment plants using the Pretreatment Information Management System and other tools, and implements its Industrial Wastewater Discharge Regulations to protect treatment plant staff, facilities and processes. The Technical Services department is responsible for activities including environmental monitoring, specialized sampling, treatment process and research studies, the Municipal Assistance Program to assist localities, as well as all reporting required by HRSD permits. The Quality Assurance department establishes and maintains systems, procedures, and oversight to ensure the accuracy, consistency, and defensibility of environmental data and processes across the Water Quality and Operations Divisions.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ 12,802,862	$ 11,673,166	$ 1,129,696	9.7%
Fringe Benefits	4,615,710	4,218,662	397,048	9.4%
Material & Supplies	2,009,002	2,568,416	(559,414)	(21.8%)
Transportation	14,850	59,250	(44,400)	(74.9%)
Utilities	2,808	2,808	-	-%
Contractual Services	2,385,000	1,522,500	862,500	56.7%
Major Repairs	72,000	159,000	(87,000)	(54.7%)
Capital Assets	326,000	-	326,000	-%
Miscellaneous	733,300	636,950	96,350	15.1%
Total	**$ 22,961,532**	**$ 20,840,752**	**$ 2,120,780**	**10.2%**

Positions

	FY-2027 Adopted	FY-2026 Amended	FY27 vs FY26 Inc/(Dec)
Total	**128**	**127**	**1**



General Expenses, Debt Service and Transfers

General Expenses includes operating expenditures not assigned to any specific HRSD Division. Debt Service includes payments on bonds issued by HRSD, Virginia Clean Water Revolving Loan Fund (VCWRLF), Water Infrastructure Finance and Innovation Act (WIFIA), and any other debt instrument. Transfers are made to fund the Capital Improvement Program (CIP) and the General and Risk Management Reserves, when appropriate. The costs incurred to issue bonds are included in General Expenses - Miscellaneous.

Expenditure Budget

	FY-2027 Budget	FY-2026 Budget	FY27 vs FY26 Inc/(Dec)	Percent Change
Personal Services	$ (5,425,000)	$ (4,509,999)	$ (915,001)	(20.3%)
Fringe Benefits	(1,513,788)	(1,092,756)	(421,032)	(38.5%)
Material & Supplies	45,000	164,000	(119,000)	(72.6%)
Utilities	752,000	672,000	80,000	11.9%
Contractual Services	10,012,083	8,042,046	1,970,037	24.5%
Miscellaneous	1,408,000	1,276,550	131,450	10.3%
Total General Operating Expenses	**$ 5,278,295**	**$ 4,551,841**	**$ 726,454**	**16.0%**
Debt Service Costs	111,745,000	108,000,000	3,745,000	3.5%
Transfer to CIP	183,402,368	173,101,344	10,301,024	6.0%
Total Debt Service and Transfers	**$295,147,368**	**$281,101,344**	**$ 14,046,024**	**5.0%**
Total General Expense, Debt Service and Transfers	**$300,425,663**	**$285,653,185**	**$ 14,772,478**	**5.2%**



Capital Budget



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Capital Budget

HRSD prepares a Capital Improvement Program (CIP) each year for the capital projects currently underway or proposed for the future. The first year of the CIP is authorized as the Capital Budget for FY-2027 in the amount of $730 million. The remaining years (FY-2028 to FY-2036) include all known projects planned for these years; however, approval of the plan does not authorize the Capital Budgets for those years. Each year's Capital Budget will be approved during the budget process for the specific year.

The ten-year Capital Improvement Program for FY-2027 to FY-2036 highlights the anticipated cost of each project and the fiscal year(s) in which the work is expected to occur. All costs listed in the CIP are stated in current year dollars and total approximately $3.37 billion.

The bond component of the plan may include one or all of the following:

- Interim or construction financings
- Federally subsidized borrowing programs administered by the Virginia Resource Authority and the Environmental Protection Agency
- HRSD Revenue Bonds or Notes

The grant component represents funds estimated to be received from a federal or state agency for specific projects. Other reimbursements, if any, include amounts paid by other parties who may participate in a project. The following abbreviations are used throughout the CIP budget:

- BH - Boat Harbor Treatment Plant
- CHES - City of Chesapeake
- DEMON - Deammonification
- HII-NNS - Huntington Ingalls Industries - Newport News Shipping
- IFM - Interceptor Force Main
- MAR - Managed Aquifer Recharge
- MHI -Multiple Health Incinerator
- MIFAS - Moving Media Integrated Fixed-Film Activated Sludge
- PORTS - City of Portsmouth
- PRS - Pressure Reducing Station
- PS - Pump Station
- SCADA - Supervisory Control and Data Acquisition
- SF - Storage Facility
- SWIFT - Sustainable Water Initiative for Tomorrow
- VDOT - Virginia Department of Transportation
- VIP - Virginia Initiative Plant

Capital Budget

CIP Budget Forecast (in thousands)	FY-2027 to FY-2036	FY-2027	FY-2028	FY-2029	FY-2030	FY-2031
Beginning Capital Reserves	$ 107,603	$ 107,603	$ -	$ -	$ -	$ -
Bonds	-	-	-	-	-	-
VCWRLF	420,000	60,000	40,000	40,000	40,000	40,000
WIFIA	-	-	-	-	-	-
WQIF	1,302,000	500,000	195,000	125,000	227,000	189,000
Cash	1,807,832	196,667	203,643	196,986	155,933	168,591
Grants and Other Reimbursements	18,071	7,133	6,938	4,000	-	-
Transfer from Line of Credit	209,890	58,597	164,419	29,220	(62,743)	(77,591)
Total Capital Resources	3,865,396	930,000	610,000	395,206	360,190	320,000
Capital Expenditures	3,370,000	730,000	510,000	310,000	280,000	290,000
Debt Service Prepayment	495,396	200,000	100,000	85,206	80,190	30,000
Ending Capital Reserves	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Capital Expenditures (in thousands)	FY-2027 to FY-2036	FY-2027	FY-2028	FY-2029	FY-2030	FY-2031
Administration	$ 134,895	$ 44,420	$ 40,396	$ 6,652	$ 5,495	$ 5,769
Army Base	15,918	6,621	6,203	3,094	-	-
Atlantic	324,114	93,735	65,223	68,010	41,711	6,354
Boat Harbor	131,106	35,467	17,597	16,982	8,689	882
Chesapeake-Elizabeth	16,471	5,006	2,983	816	2,288	3,796
Eastern Shore	50,605	7,705	10,884	12,870	16,201	2,851
James River	90,624	24,968	12,870	15,172	16,394	10,012
Middle Peninsula	133,355	14,272	10,207	4,221	33,925	37,273
Nansemond	182,401	90,691	44,186	15,076	10,363	9,279
Surry	50	50	-	-	-	-
Virginia Initiative Plant	169,063	58,754	38,879	16,433	7,269	4,669
Williamsburg	158,713	6,433	17,570	40,436	27,903	22,346
York River	79,449	5,126	13,010	14,947	6,032	10,457
General	1,605,811	375,173	357,492	172,791	153,142	176,312
Future Improvements	570,258	-	-	-	-	-
Subtotal	**3,662,833**	**768,421**	**637,500**	**387,500**	**329,412**	**290,000**
Program Spend Rate	92%	95%	80%	80%	85%	100%
Total Expenditures	**$ 3,370,000**	**$ 730,000**	**$ 510,000**	**$ 310,000**	**$ 280,000**	**$ 290,000**

Capital Budget

CIP Budget Forecast (in thousands)	FY-2032	FY-2033	FY-2034	FY-2035	FY-2036
Beginning Capital Reserves	$ -	$ -	$ -	$ -	$ -
Bonds	-	-	-	-	-
VCWRLF	40,000	40,000	40,000	40,000	40,000
WIFIA	-	-	-	-	-
WQIF	66,000	-	-	-	-
Grants and Other Reimbursements	172,567	177,849	178,204	177,800	179,592
Cash	-	-	-	-	-
Transfer from Line of Credit	(28,567)	32,151	31,796	32,200	30,408
Total Capital Resources	250,000	250,000	250,000	250,000	250,000
Capital Expenditures	250,000	250,000	250,000	250,000	250,000
Debt Service Prepayment	-	-	-	-	-
Ending Capital Reserves	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Capital Expenditures (in thousands)	FY-2032	FY-2033	FY-2034	FY-2035	FY-2036
Administration	$ 6,058	$ 6,240	$ 6,427	$ 6,620	$ 6,818
Army Base	-	-	-	-	-
Atlantic	18,166	24,193	5,581	263	878
Boat Harbor	2,250	9,249	13,690	10,866	15,434
Chesapeake-Elizabeth	1,582	-	-	-	-
Eastern Shore	94	-	-	-	-
James River	11,202	6	-	-	-
Middle Peninsula	29,254	4,017	186	-	-
Nansemond	25	-	4,075	2,038	6,668
Surry	-	-	-	-	-
Virginia Initiative Plant	9,626	9,185	3,685	1,324	19,239
Williamsburg	10,322	10,564	10,829	6,347	5,963
York River	12,012	7,448	9,422	991	4
General	122,599	77,770	111,611	51,178	7,743
Future Improvements	26,810	101,328	84,494	170,373	187,253
Subtotal	**250,000**	**250,000**	**250,000**	**250,000**	**250,000**
Program Spend Rate	100%	100%	100%	100%	100%
Total Expenditures	**$ 250,000**	**$ 250,000**	**$ 250,000**	**$ 250,000**	**$ 250,000**

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Administration												
AD012600	Central Environmental Laboratory Expansion and Rehabilitation	$ 51,659	$ 29,075	$ 22,584	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AD012700	Capital Improvement Program Labor Program	54,144	-	5,484	5,233	5,495	5,769	6,058	6,240	6,427	6,620	6,818
AD012750	Capital Improvement Program Internal Labor FY27	5,247	5,247	-	-	-	-	-	-	-	-	-
AD012800	Customer Cloud Service Implementation	7,968	4,157	3,811	-	-	-	-	-	-	-	-
AD012900	Information Technology Hardware Improvements	3,102	3,102	-	-	-	-	-	-	-	-	-
AD013000	Enterprise Resource Planning (ERP) Cloud Implementation	12,775	2,839	8,517	1,419	-	-	-	-	-	-	-
	Subtotal	134,895	44,420	40,396	6,652	5,495	5,769	6,058	6,240	6,427	6,620	6,818
Army Base												
AB010500	Section W Force Main Replacement	$ 2,583	$ 2,571	$ 12	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AB011900	Army Base Treatment Plant Administration Building Renovation (2021)	583	583	-	-	-	-	-	-	-	-	-
AB012100	Army Base Treatment Plant Generator Control Replacement	7,394	2,686	4,682	26	-	-	-	-	-	-	-
AB012200	Army Base Treatment Plant PdNA Process Conversion	1,795	-	-	1,795	-	-	-	-	-	-	-
AB012400	Army Base Treatment Plant Fire Suppression System Upgrades	695	693	2	-	-	-	-	-	-	-	-
AB012500	Army Base Treatment Plant Calcium Carbonate System	1,520	13	1,507	-	-	-	-	-	-	-	-
AB012600	Army Base Treatment Plant Distributed Control System Upgrade Phase I	1,273	-	-	1,273	-	-	-	-	-	-	-
AB012710	Terminal Boulevard Force Main Corridor Improvements Study	75	75	-	-	-	-	-	-	-	-	-
	Subtotal	15,918	6,621	6,203	3,094	-	-	-	-	-	-	-
Atlantic												
AT011900	Great Bridge Interceptor Extension 16-Inch Replacement	$ 18,645	$ 17,082	$ 1,563	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
AT012920	Atlantic Treatment Plant Access Road Extension	24,627	-	-	-	1,285	1,007	11,192	11,051	92	-	-
AT013010	Washington District Pump Station Replacement	7,393	7,393	-	-	-	-	-	-	-	-	-
AT013110	South Norfolk Area Gravity Sewer Improvements, Phase II	577	577	-	-	-	-	-	-	-	-	-
AT014000	Lynnhaven-Great Neck IFM (SF-021) Relocation	3,385	3,385	-	-	-	-	-	-	-	-	-
AT014303	Chesapeake Pump Station Capacity Improvements (AT-HPP-01C)	56	-	-	-	-	-	-	-	-	19	37
AT014304	Chesapeake Gravity Main Capacity Improvements	413	-	-	-	-	-	-	-	103	155	155
AT014600	Kempsville Interceptor Force Main Replacement - Phase I	9,541	728	538	5,904	2,371	-	-	-	-	-	-
AT015200	Cedar Road Interceptor Force Main Replacement Phase I	7,198	-	3	3	183	435	1,798	3,150	1,600	26	-
AT015300	High Priority Projects Round 2 Project 2	3,088	-	-	-	-	343	1,201	858	-	-	686

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
AT015400	Doziers Corner Pump Station Replacement	8,036	5,463	2,573	-	-	-	-	-	-	-	-
AT016000	Atlantic Treatment Plant Odor and Solids Improvements 2023	171,768	48,713	47,247	47,247	27,978	583	-	-	-	-	-
AT016300	Cedar Road Interceptor Force Main Replacement Phase II	16,349	-	-	-	363	716	3,975	7,446	3,786	63	-
AT016400	Great Bridge Interceptor Force Main Emergency Replacement (SF-180)	5,402	5,380	22	-	-	-	-	-	-	-	-
AT016600	Great Bridge Boulevard Interceptor Force Main (SF-164) Segmental Replacement at Oak Bridge-Glenleigh	9,051	1,903	6,093	1,048	7	-	-	-	-	-	-
AT016700	Providence Road Interceptor Force Main (SF-165) Segmental Replacement at Depositor Lane	2,767	877	1,884	6	-	-	-	-	-	-	-
AT017000	Atlantic Treatment Plant THP Steam Generation Project	3,608	302	1,493	1,808	5	-	-	-	-	-	-
AT017100	Birdneck Road Trunk Force Main - Pipeline Cover Mitigation & Protection	2,645	133	17	2,485	10	-	-	-	-	-	-
AT017200	Atlantic Treatment Plant Distributed Control System Upgrade Phase I	1,688	-	-	-	-	-	-	1,688	-	-	-
AT017300	Atlantic Treatment Plant Emergency Power Generation Capacity Improvements	27,827	1,749	3,790	9,509	9,509	3,270	-	-	-	-	-
AT017410	Elbow Road Pressure Reducing Station Pump System Improvements Study	50	50	-	-	-	-	-	-	-	-	-
	Subtotal	324,114	93,735	65,223	68,010	41,711	6,354	18,166	24,193	5,581	263	878
Boat Harbor												
BH013020	Willard Avenue Pump Station Replacement	$ 1,085	$ 1,084	$ 1	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BH014220	Hampton Trunk Sewer Extension Divisions I and J Relocation Phase II	1,091	1,089	2	-	-	-	-	-	-	-	-
BH015700	Boat Harbor Treatment Plant Pump Station Conversion	14,517	14,511	6	-	-	-	-	-	-	-	-
BH015720	Boat Harbor Treatment Plant Transmission Force Main Section 2 (Land)	4,808	4,808	-	-	-	-	-	-	-	-	-
BH015730	Boat Harbor Treatment Plant Decommission and Demolition	41,653	12,564	15,617	11,298	2,174	-	-	-	-	-	-
BH015802	Claremont Pump Station Upgrade (BH-HPP-01B)	3,834	-	-	-	-	-	-	243	510	583	2,498
BH015803	Chesapeake Avenue Interceptor Improvements (BH-HPP-01C)	5,180	-	-	-	-	-	-	383	680	732	3,385
BH016100	High Priority Projects Round 2 Project 3	28,596	-	-	-	-	449	1,348	1,910	5,787	9,551	9,551
BH016200	Inflow Reduction Program - Phase II	332	332	-	-	-	-	-	-	-	-	-
BH016300	Bayshore Pump Station Replacement	14,661	-	-	-	-	333	902	6,713	6,713	-	-
BH016400	Jefferson Avenue Pump Station Electrical Improvements	720	720	-	-	-	-	-	-	-	-	-
BH016510	Jefferson Avenue Pump Station Replacement Study	200	74	126	-	-	-	-	-	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
BH016600	LaSalle Avenue Interceptor Force Main Replacement Phase I	8,061	285	1,295	3,482	2,999	-	-	-	-	-	-
BH016700	LaSalle Avenue Interceptor Force Main Replacement Phase II	5,218	-	550	1,535	3,033	100	-	-	-	-	-
BH016800	LaSalle Avenue Interceptor Force Main Replacement Phase III	1,150	-	-	667	483	-	-	-	-	-	-
	Subtotal	131,106	35,467	17,597	16,982	8,689	882	2,250	9,249	13,690	10,866	15,434
Chesapeake-Elizabeth												
CE011810	Chesapeake-Elizabeth Treatment Plant Decommissioning	$ 8,169	$ 5,006	$ 2,788	$ 375	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CE012100	Witchduck Road Interceptor Force Main Improvements	8,302	-	195	441	2,288	3,796	1,582	-	-	-	-
	Subtotal	16,471	5,006	2,983	816	2,288	3,796	1,582	-	-	-	-
Eastern Shore												
ES010300	Onancock Treatment Plant Administration Building Upgrade	$ 5,240	$ 124	$ 221	$ 151	$ 3,096	$ 1,598	$ 50	$ -	$ -	$ -	$ -
ES010500	Chincoteague Treatment Plant Improvements	9,853	6,138	3,682	22	11	-	-	-	-	-	-
ES010800	Onancock Treatment Plant Solids Handling Improvements	21,001	514	5,699	6,779	6,779	1,213	17	-	-	-	-
ES011000	Onancock Pump Station Improvements	3,285	157	157	1,082	1,880	9	-	-	-	-	-
ES011100	Tangier Island Collection System Improvements	5,836	427	592	2,500	2,293	13	11	-	-	-	-
ES011200	Tangier Island Treatment Plant Improvements	5,390	345	533	2,336	2,142	18	16	-	-	-	-
	Subtotal	50,605	7,705	10,884	12,870	16,201	2,851	94	-	-	-	-
James River												
JR013400	James River Treatment Plant Advanced Nutrient Reduction Improvements	$ 8,724	$ 8,724	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
JR013410	James River Treatment Plant Outfall Modifications	3,004	3,004	-	-	-	-	-	-	-	-	-
JR013500	Lucas Creek Pump Station Replacement	1,291	1,291	-	-	-	-	-	-	-	-	-
JR013610	James River Treatment Plant Automation Improvements Phase I	412	411	1	-	-	-	-	-	-	-	-
JR014000	Center Avenue Force Main Replacement	21,467	-	-	560	1,910	7,791	11,200	6	-	-	-
JR014100	James River Treatment Plant Viewshed Improvements	1,438	55	60	478	780	65	-	-	-	-	-
JR014200	Kiln Creek Interceptor Force Main Replacement	17,294	8,647	8,644	3	-	-	-	-	-	-	-
JR014300	Morrison Pump Station Replacement	14,649	1,486	1,111	4,985	4,985	2,080	2	-	-	-	-
JR014400	James River Treatment Plant Primary Clarifier Pipe Rehabilitation	6,804	195	772	3,021	2,793	23	-	-	-	-	-
JR014500	James River Treatment Plant Digester and Thickening Building Heating Systems Replacements	13,725	1,155	2,282	6,125	4,110	53	-	-	-	-	-
JR014600	James River Treatment Plant Distributed Control System Upgrade Phase I	1,816	-	-	-	1,816	-	-	-	-	-	-
	Subtotal	90,624	24,968	12,870	15,172	16,394	10,012	11,202	6	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Middle Peninsula												
MP011700	Middle Peninsula Interceptor Systems Pump Station Control and SCADA Upgrades and Enhancements	$ 1,207	$ 557	$ 557	$ 93	$ -	$ -	$ -	$ -	$ -	$ -	$ -
MP013300	King William Treatment Plant Improvements Phase II	3,626	3,624	2	-	-	-	-	-	-	-	-
MP013710	Middlesex Interceptor System Program Phase II-Saluda Pump Station	6,699	-	-	-	-	2,171	2,171	2,171	186	-	-
MP013720	Middlesex Interceptor System Program Phase II-Hartfield Pump Station	11,420	-	-	-	3,805	3,805	3,805	5	-	-	-
MP013730	Middlesex Interceptor System Program Phase II-Transmission Force Main	67,949	-	-	-	22,036	22,036	22,036	1,841	-	-	-
MP013810	Middlesex Interceptor System Program Phase III (Deltaville)	12,619	-	-	-	5,261	6,298	1,060	-	-	-	-
MP015000	Sharon Road Gravity Sewer Improvements	2,312	2,308	4	-	-	-	-	-	-	-	-
MP015300	King William Central Crossing Pump Station Rehabilitation	699	696	3	-	-	-	-	-	-	-	-
MP015500	Small Communities Rehabilitation Phase VI	2,391	2,386	5	-	-	-	-	-	-	-	-
MP015600	West Point Treatment Plant Final Effluent Pump Station Improvements	2,399	1,365	1,034	-	-	-	-	-	-	-	-
MP015610	West Point Treatment Plant Generator Installation	10	10	-	-	-	-	-	-	-	-	-
MP015700	West Point Treatment Plant Secondary Clarifier Improvements	2,285	1,300	985	-	-	-	-	-	-	-	-
MP015800	King William Main Pump Station Improvements	643	640	3	-	-	-	-	-	-	-	-
MP016000	Beaver Dam Discharge Force Main Replacement	3,289	33	105	116	758	2,098	179	-	-	-	-
MP016100	King William Collection System Capacity Improvements	5,707	248	463	2,064	2,064	865	3	-	-	-	-
MP016200	Urbanna and Central Middlesex Wastewater Treatment Plant Rehabilitation	8,956	948	6,403	1,604	1	-	-	-	-	-	-
MP016300	Urbanna to West Point Alignment Study	341	-	-	341	-	-	-	-	-	-	-
MP016500	West Point Treatment Plant Solid Handling and Site Improvements	803	157	643	3	-	-	-	-	-	-	-
	Subtotal	133,355	14,272	10,207	4,221	33,925	37,273	29,254	4,017	186	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Nansemond												
NP010620	Suffolk Pump Station Replacement	$ 19,116	$ 19,116	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NP012400	Western Branch Sewer System Gravity Improvements	4,915	4,915	-	-	-	-	-	-	-	-	-
NP013000	Nansemond Treatment Plant Motor Control Center Replacements	1,025	1,025	-	-	-	-	-	-	-	-	-
NP013700	Nansemond Treatment Plant Struvite Recovery Facility Improvements	4,113	4,113	-	-	-	-	-	-	-	-	-
NP013820	Nansemond Treatment Plant Advanced Nutrient Reduction Improvements Phase II	30,923	29,349	1,574	-	-	-	-	-	-	-	-
NP014000	Wilroy Pressure Reducing Station and Off-line Storage Facility	49,792	24,846	24,846	100	-	-	-	-	-	-	-
NP014700	Nansemond Treatment Plant Digester Capacity Upgrades	539	539	-	-	-	-	-	-	-	-	-
NP014800	High Priority Projects Round 2 Project 8	12,781	-	-	-	-	-	-	-	4,075	2,038	6,668
NP015100	Nansemond Treatment Plant Administration Building Replacement	18,560	763	11,858	5,934	5	-	-	-	-	-	-
NP015500	Town of Dendron Discharge Force Main Replacement	2,691	2,679	12	-	-	-	-	-	-	-	-
NP015610	Lawnes Point Treatment Plant, Pump Station, and Force Main Conversion Study	200	-	-	200	-	-	-	-	-	-	-
NP015700	George Washington Interceptor Force Main Extension Part 2 (SF-140) Segmental Replacement at St. Julian's Creek	2,632	1,771	858	3	-	-	-	-	-	-	-
NP015800	North Churchill Interceptor Force Main (SF-206) Segmental Replacement at Swannanoa Drive	4,291	187	1,123	2,969	12	-	-	-	-	-	-
NP015900	Nansemond Treatment Plant Anaerobic Digester Capacity Improvements	25,799	1,226	1,333	4,667	9,274	9,274	25	-	-	-	-
NP016000	Nansemond Treatment Plant Fire Suppression System Upgrades	1,069	-	-	-	1,064	5	-	-	-	-	-
NP016120	Cedar Lane Pump Station (PS 104) Modifications	1,880	162	507	1,203	8	-	-	-	-	-	-
NP016300	Nansemond Treatment Plant Distributed Control System Upgrade Phase I	2,075	-	2,075	-	-	-	-	-	-	-	-
	Subtotal	182,401	90,691	44,186	15,076	10,363	9,279	25	-	4,075	2,038	6,668
Surry												
SU010400	Surry Force Main and Pump Station-Dominion Power Extension	$ 50	$ 50	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Subtotal	50	50	-	-	-	-	-	-	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Virginia Initiative Plant												
VP014010	Ferebee Avenue Pump Station Replacement	$ 3,655	$ 3,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
VP014022	Sanitary Sewer Replacement 1950 – Part 2	4,727	4,363	364	-	-	-	-	-	-	-	-
VP015320	Larchmont Area Sanitary Sewer Improvements	20,234	13,422	6,745	67	-	-	-	-	-	-	-
VP015410	City Park Pump Station (PS 106) Replacement	316	316	-	-	-	-	-	-	-	-	-
VP015420	Luxembourg Pump Station (PS 113) Replacement and Ashland Sewer Extension	12,752	6,954	5,797	1	-	-	-	-	-	-	-
VP015430	Chesapeake Boulevard Pump Station (PS 105) Replacement and Robin Hood Road Pump Station (PS 167) Rehabilitation	21,200	10,128	10,128	936	8	-	-	-	-	-	-
VP018000	Park Avenue Pump Station Replacement	170	170	-	-	-	-	-	-	-	-	-
VP018301	VIP Service Area I-I Reduction Phase I (PORTS)	9,441	5,721	3,720	-	-	-	-	-	-	-	-
VP018302	Portsmouth Pump Station Upgrades (VIP-HPP-04B)	1,342	-	-	-	-	-	-	-	-	369	973
VP018303	VIP Service Area I-I Reduction Phase III (PORTS)	1,308	828	480	-	-	-	-	-	-	-	-
VP018304	Camden Avenue Pump Station Upgrades (VIP-HPP-04D)	6,999	-	-	-	215	351	2,207	4,226	-	-	-
VP018305	Camden Avenue Gravity Improvements (VIP-HPP-04E)	8,108	-	-	-	101	314	1,867	3,884	1,942	-	-
VP018400	State Street Pressure Reducing Station and Offline Storage (VIP-HPP-05)	2,030	-	-	-	-	-	-	-	-	-	2,030
VP018800	Virginia Initiative Plant Administration Building Renovation	7,644	3,528	3,528	588	-	-	-	-	-	-	-
VP019000	Colley Ave Pump Station Pump Replacement	4,060	3,370	687	3	-	-	-	-	-	-	-
VP019200	Virginia Initiative Plant Motor Control Center Replacements	1,037	1,037	-	-	-	-	-	-	-	-	-
VP019400	High Priority Projects Round 2 Project 5	18,909	-	-	-	-	-	-	-	1,718	955	16,236
VP019700	Plume Street Pump Station Replacement (SS-PS-121)	5,948	568	653	3,337	1,390	-	-	-	-	-	-
VP019800	Virginia Initiative Plant Aeration Tank and Primary Clarifier Gate Replacement	21,767	1,517	3,150	4,000	4,000	4,000	4,000	1,075	25	-	-
VP019900	Virginia Initiative Plant Secondary Clarifier Solids Removal Mechanism Rehabilitation & Replacement	5,292	1,512	1,512	1,512	756	-	-	-	-	-	-
VP020000	Virginia Initiative Plant Fire Suppression System Upgrades	797	-	-	-	793	4	-	-	-	-	-
VP020100	Douglas Avenue Interceptor Force Main (SF-219) Improvements - Phase I	7,965	705	1,265	5,989	6	-	-	-	-	-	-
VP020200	Virginia Initiative Plant Nitrification Enhancement Facility MBBR Conversion	1,710	860	850	-	-	-	-	-	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
VP020300	Virginia Initiative Plant Distributed Control System Upgrade Phase I	1,552	-	-	-	-	-	1,552	-	-	-	-
VP020410	Larchmont Area Interceptor Force Main Replacement Feasibility Study	50	50	-	-	-	-	-	-	-	-	-
VP020510	Quail Avenue Pressure Reducing Station Ventilation and Odor Control Improvements Study	50	50	-	-	-	-	-	-	-	-	-
	Subtotal	169,063	58,754	38,879	16,433	7,269	4,669	9,626	9,185	3,685	1,324	19,239
Williamsburg												
WB012510	Lodge Road Pump Station Upgrades Study	$ 150	$ -	$ 125	$ 25	$ -	$ -	$ -	$ -	$ -	$ -	$ -
WB013201	Lodge Road Pump Station Extended Wet Well	237	24	25	114	74	-	-	-	-	-	-
WB013202	Williamsburg Crossing Pressure Reducing Station, Force Main and Storage Tank Improvements	18,014	-	-	-	-	1,501	1,358	1,716	3,145	5,147	5,147
WB013400	Williamsburg Treatment Plant Headworks Influent and Effluent Pipe Rehabilitation	6,411	-	450	5,928	33	-	-	-	-	-	-
WB013410	Ron Springs Drive Valve Improvements (W1004)	5,900	-	521	5,347	32	-	-	-	-	-	-
WB013500	Williamsburg Treatment Plant Intermediate Clarifier Wet Weather and Phosphorus Removal System Improvements	13,014	2,060	8,200	2,747	7	-	-	-	-	-	-
WB013700	North Trunk Interceptor Force Main Part A (NF-002) Replacement	2,140	-	-	-	-	-	-	-	186	1,138	816
WB013800	Williamsburg Treatment Plant Distributed Control System Improvements	5,324	-	135	421	4,361	407	-	-	-	-	-
WB013810	Williamsburg Treatment Plant Distributed Control System Improvements (Gravity Thickener Building)	613	-	613	-	-	-	-	-	-	-	-
WB013900	Williamsburg Treatment Plant Solids Handling Improvements	62,315	3,529	4,816	19,000	19,000	15,854	116	-	-	-	-
WB014100	Williamsburg Treatment Plant FOG and Cake Receiving Improvements	33,624	-	9	1,993	3,280	3,086	8,848	8,848	7,498	62	-
WB014300	Pottery Off-line Storage Facility	6,800	379	2,521	3,900	-	-	-	-	-	-	-
WB014410	Williamsburg Treatment Plant Distributed Control System Improvements Study	100	100	-	-	-	-	-	-	-	-	-
WB014500	Williamsburg Treatment Plant Distributed Control System Upgrade Phase I	1,491	-	-	-	-	1,491	-	-	-	-	-
WB014600	Williamsburg Treatment Plant Erosion Mitigation	2,380	141	155	961	1,116	7	-	-	-	-	-
WB014710	Williamsburg Treatment Plant Service Area Offline Storage Tank Site Study	200	200	-	-	-	-	-	-	-	-	-
	Subtotal	158,713	6,433	17,570	40,436	27,903	22,346	10,322	10,564	10,829	6,347	5,963

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
York River												
YR010520	Magruder Mercury Interceptor Force Main Replacement - Section B	$ 20,292	$ 20	$ 10,569	$ 9,689	$ 14	$ -	$ -	$ -	$ -	$ -	$ -
YR010530	Magruder Mercury Interceptor Force Main Replacement - Section C	17,823	-	-	258	1,032	7,589	8,256	688	-	-	-
YR010900	Tabb Pressure Reducing Station and Offline Storage Facility	25	25	-	-	-	-	-	-	-	-	-
YR011900	Bethel-Poquoson Force Main Part III Replacement	397	392	4	1	-	-	-	-	-	-	-
YR014900	York River DEMON Upgrades	188	188	-	-	-	-	-	-	-	-	-
YR015000	York River Treatment Plant Switchgear and Motor Control Center Replacements	19,271	2,500	1,586	2,365	2,365	2,365	2,365	2,365	2,365	991	4
YR015200	Bethel-Poquoson and Route 171 Victory Blvd Interceptor Force Main Relocation	4,302	-	-	-	-	403	436	2,305	1,158	-	-
YR015300	Wolf Trap Road Interceptor Improvements	7,379	-	-	-	-	-	955	2,090	4,334	-	-
YR015400	York River Treatment Plant Fire Suppression System Upgrades	1,607	1,601	6	-	-	-	-	-	-	-	-
YR015500	Commander Shepard Boulevard Interceptor Force Main Replacement	6,300	100	845	2,634	2,621	100	-	-	-	-	-
YR015610	Maryus Road Interceptor Force Main Replacement Study	250	250	-	-	-	-	-	-	-	-	-
YR015700	York River Treatment Plant Distributed Control System Upgrade Phase I	1,565	-	-	-	-	-	-	-	1,565	-	-
YR015810	York River Treatment Plant Medium Voltage Switch Improvements Feasibility Study	50	50	-	-	-	-	-	-	-	-	-
	Subtotal	79,449	5,126	13,010	14,947	6,032	10,457	12,012	7,448	9,422	991	4
General												
GN016230	SWIFT Research Center Educational and Outreach Improvements	$ 1,796	$ 433	$ 1,363	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GN016311	Outfall Dispersion Modeling for Full Scale SWIFT	1,090	-	-	-	-	545	545	-	-	-	-
GN016320	Program Management of SWIFT Full Scale Implementation	35,027	11,909	11,909	2,491	2,491	2,491	2,491	1,245	-	-	-
GN016331	SWIFT Managed Aquifer Recharge Services	977	263	263	263	160	28	-	-	-	-	-
GN016347	James River Land Improvements - Phase II	3,370	3,238	132	-	-	-	-	-	-	-	-
GN016348	Nansemond Recharge Well Off Site Land Acquisition	16,400	6,200	10,200	-	-	-	-	-	-	-	-
GN016360	James River SWIFT Facility	9,533	9,533	-	-	-	-	-	-	-	-	-
GN016363	James River Recharge Well Enhancements	130	130	-	-	-	-	-	-	-	-	-
GN016380	Nansemond SWIFT Facility	476,340	205,398	203,010	64,368	3,564	-	-	-	-	-	-
GN016381	Nansemond Recharge Wells (On Site)	78,481	43,811	33,916	754	-	-	-	-	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
GN016382	Nansemond Recharge Wells (Off Site)	65,839	5,215	3,529	27,782	27,413	1,850	50	-	-	-	-
GN016383	Nansemond Recharge Well Integration	89,657	3,477	4,672	5,667	26,723	32,016	16,072	1,030	-	-	-
GN016390	VIP SWIFT Tertiary Preliminary Engineering	1,005	1,005	-	-	-	-	-	-	-	-	-
GN016391	VIP SWIFT Tertiary Site Work	52,917	-	1,881	962	11,416	22,780	14,891	987	-	-	-
GN016392	VIP SWIFT Tertiary Facility	269,370	-	22,410	23,951	49,282	96,407	73,123	4,197	-	-	-
GN016700	Treatment Plant Solids Handling Replacement Phase II	7,174	5,057	2,117	-	-	-	-	-	-	-	-
GN017200	Interceptor Systems Pump Station Control and SCADA Upgrades and Enhancements Phase II	1,290	619	619	52	-	-	-	-	-	-	-
GN017400	Treatment Plant Dewatering Replacement Phase III	8,545	7,316	1,229	-	-	-	-	-	-	-	-
GN017500	Fleet Management Program	28,801	-	3,230	3,230	3,230	3,230	3,230	3,230	3,230	3,230	2,961
GN017900	Solids System Improvements for Army Base MHI Offline	1,103	859	227	17	-	-	-	-	-	-	-
GN018600	North Shore Galvanic Cathodic Protection Rehabilitation	1,764	743	1,021	-	-	-	-	-	-	-	-
GN018700	South Shore Galvanic Cathodic Protection Rehabilitation Phase I	3,290	722	2,140	416	12	-	-	-	-	-	-
GN018800	South Shore Galvanic Cathodic Protection Rehabilitation Phase II	3,020	812	1,832	364	12	-	-	-	-	-	-
GN018900	Pump Station Motor Control Center Replacements - Phase I	2,084	532	532	532	488	-	-	-	-	-	-
GN019400	Water Quality Department Instrumentation Equipment Program	2,700	-	300	300	300	300	300	300	300	300	300
GN019600	Interceptor Systems Pump Station Control and SCADA Upgrades and Enhancements Phase III	9,689	734	2,688	3,578	2,685	4	-	-	-	-	-
GN019700	Treatment Plant Dewatering Improvement Phase IV	7,724	6,612	1,112	-	-	-	-	-	-	-	-
GN020200	Treatment Plant Fire Suppression System Upgrades	493	493	-	-	-	-	-	-	-	-	-
GN020310	High Priority Inflow and Infiltration Reduction Program Implementation	94,219	44,387	29,213	20,619	-	-	-	-	-	-	-
GN020400	Fleet Management (FY25)	188	188	-	-	-	-	-	-	-	-	-
GN020800	North Shore Pump Station Influent Valve Installations	573	572	1	-	-	-	-	-	-	-	-
GN020900	Microbial Source Tracking Identified Locality Repair Program	4,000	-	-	1,600	1,600	800	-	-	-	-	-
GN020910	Microbial Source Tracking Identified Locality Repairs (FY25)	147	147	-	-	-	-	-	-	-	-	-
GN020920	Microbial Source Tracking Identified Locality Repairs (FY26)	500	250	250	-	-	-	-	-	-	-	-
GN021000	Regional Granular Activated Carbon Reactivation Facility	242,391	-	-	-	11,414	11,899	7,933	62,818	104,119	43,687	521
GN021200	Conceptual Project Development (FY25)	159	159	-	-	-	-	-	-	-	-	-
GN021300	Treatment Plant Dewatering Centrifuge Equipment Rehabilitation	334	334	-	-	-	-	-	-	-	-	-
GN021400	Fleet Management (FY26)	1,373	1,373	-	-	-	-	-	-	-	-	-

Capital Budget by Project

FY-2027 to FY-2036
CIP Cash Flow Projections by Project (in thousands)

CIP No	Project Name	Total 2027 to 2036	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
GN021500	Water Quality Department Instrumentation Equipment (FY26)	92	92	-	-	-	-	-	-	-	-	-
GN021600	Coatings and Concrete Rehabilitation & Replacement Program	21,258	-	2,362	2,362	2,362	2,361	2,364	2,363	2,362	2,361	2,361
GN021610	Coatings and Concrete Rehabilitation and Replacement FY26	251	251	-	-	-	-	-	-	-	-	-
GN021620	Coatings and Concrete Rehabilitation and Replacement FY27	2,180	2,180	-	-	-	-	-	-	-	-	-
GN021700	Interceptor System Valve Improvements Phase II	4,494	473	2,673	1,342	6	-	-	-	-	-	-
GN021800	North Shore and Small Communities Division Aerial Crossing Improvements	2,395	2,391	4	-	-	-	-	-	-	-	-
GN021900	Roofing Rehabilitation & Replacement Program	5,400	-	600	600	600	600	600	600	600	600	600
GN021910	Roofing Rehabilitation and Replacement FY 27	545	545	-	-	-	-	-	-	-	-	-
GN022000	Compost Facility Capacity Expansion	8,407	107	8,300	-	-	-	-	-	-	-	-
GN022100	Fleet Management (FY27)	3,280	3,280	-	-	-	-	-	-	-	-	-
GN022200	Water Quality Department Instrumentation Equipment (FY27)	300	300	-	-	-	-	-	-	-	-	-
GN022300	Interceptor System Valve Improvements Phase III	660	446	214	-	-	-	-	-	-	-	-
GN022400	Interceptor System Valve Improvements Phase IV	318	174	144	-	-	-	-	-	-	-	-
GN022500	Interceptor System Valve Improvements Program	9,000	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
GN022610	South Shore Interceptors Material Storage Feasibility and Site Study	50	50	-	-	-	-	-	-	-	-	-
GN022710	Locality Pump Station Study	100	100	-	-	-	-	-	-	-	-	-
GN022800	North Shore Automated Diversion Facilities Phase II	5,775	756	1,515	2,683	821	-	-	-	-	-	-
GN022900	Offsite Biosolids Storage Facility Phase I	1,205	1,029	176	-	-	-	-	-	-	-	-
GN023000	Offsite Biosolids Storage Facility Phase II	15,400	-	400	7,500	7,500	-	-	-	-	-	-
GN023100	Saltwater Intrusion Reduction Program	849	119	308	358	63	1	-	-	-	-	-
GN023200	1434 Air Rail Avenue Switchgear Controls Upgrade	359	359	-	-	-	-	-	-	-	-	-
	Subtotal	1,605,811	375,173	357,492	172,791	153,142	176,312	122,599	77,770	111,611	51,178	7,743
Future Improvements												
IP020000	Infrastructure Risk Reduction Program	$ 570,258	$ -	$ -	$ -	$ -	$ -	$ 26,810	$ 101,328	$ 84,494	$ 170,373	$ 187,253
	Subtotal	570,258	-	-	-	-	-	26,810	101,328	84,494	170,373	187,253
TOTAL		**3,662,833**	**768,421**	**637,500**	**387,500**	**329,412**	**290,000**	**250,000**	**250,000**	**250,000**	**250,000**	**250,000**



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Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, VA 23455
www.HRSD.com

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PROPOSED

Rate Schedule

For Fiscal Year 2027
(July 1, 2026 - June 30, 2027)





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RATE SCHEDULE • Effective July 1, 2026 – June 30, 2027

1. WASTEWATER TREATMENT RATES – All customers except those in the Small Communities

Consumption based accounts with water meters per 100 cubic feet*	$9.84
Minimum charge per day – metered customers	$0.45
Flat rate accounts (single family residential) per day: less than 1-inch meter	$1.66
Flat rate accounts (single family residential) per day: 1-inch meter	$2.84

2. SMALL COMMUNITIES RATES – (Small Communities include Mathews, King William, Middlesex, Urbanna, Surry, West Point, and the communities of Virginia's Eastern Shore.)

	Wastewater Treatment & Collections		
Community	Rate Per 1,000 gallons	Residential Flat Rate per day Less than 1-inch meter	Residential Flat Rate per day 1-inch meter
Small Communities (except King William)	$20.46	$2.65	$3.83
King William	$20.63	$2.67	$3.85

	Wastewater Treatment Only		
Community	Rate Per 1,000 gallons	Residential Flat Rate per day Less than 1-inch meter	Residential Flat Rate per day 1-inch meter
Small Communities (except King William)	$13.15	$1.66	$2.84
King William	$13.32	$1.68	$2.86

Metered customers minimum charge per day $0.45
Unmetered customers – Single Family Residential (Flat Rate per day) $2.65
Unmetered customers – (Other than Single Family Residential) shall be billed a flat rate based on Equivalent Residential Unit (ERU).

Service	Cost per ERU per day
Treatment and Collections	$2.65
Treatment Only	$1.66

Lawnes Point (a subdivision of Isle of Wight County) metered customers - billed the Sewer Rate published by Isle of Wight Public Utilities in addition to the Wastewater Treatment Rate listed in the aforementioned section 1.

3. TOWN WHOLESALE TREATMENT RATE – Incorporated towns with population less than 2,000
Consumption per 1,000 gallons $3.55

4. HIGH STRENGTH OR UNUSUAL WASTE SURCHARGE

Type	In Excess of	Per mg/L per 100 Cubic Feet*	Per 100 pounds
Biochemical Oxygen Demand (BOD)	297 mg/L^	$0.000190	$ 3.04
Total Suspended Solids (TSS)	282 mg/L^	$0.000642	10.29
Total Phosphorus (TP)	7 mg/L^	$0.008870	142.09
Total Kjeldahl Nitrogen (TKN)	57 mg/L^	$0.003256	52.16

Other Unusual wastes may be assigned a special rate. ^ Domestic Quality Wastewater

5. NUTRIENT CREDITS

Type	Asset Charge ($/pound/year)	Operational Charge ($/pound)
Total Suspended Solids (TSS)	$8.73	$0.3825
Total Phosphorus (TP)	60.74	2.9520
Total Nitrogen (TN)	14.33	0.6956

6. HAULED WASTEWATER (Indirect discharge waste)

Type	Per gallon
Fats, Oils, and Grease (FOG)	$0.3990
Other Approved Hauled Wastes	$0.1936

7. WASTEWATER FACILITY CHARGE

Water Meter Size	Facility Charge	Water Meter Size	Facility Charge
5/8-Inch	$2,745	3-Inch	$99,365
3/4-Inch	$4,275	4-Inch	$191,905
1-Inch	$8,045	6-Inch	$485,320
1 1/2-Inch	$20,345	8-Inch	$937,365
2-Inch	$39,280	10-Inch	$1,561,910

8. SERVICE FEES

Access Card Replacement	$25
Account Documentation Fee	$10 per account per 12-month period
Advance Service Fee	Based on previous 12-month billing
Damaged Lock Fee	$100
Damaged Meter/Antenna Fee	$250 plus cost of meter and/or antenna
Delinquency and Restoration Fee	$15 plus cost imposed by water supplier, if applicable
Inaccessible Meter Fee	$50
Late Payment Fee	1.5% per month
Meter (Deduction) Fee	$2.00 per meter per month
Meter Reading Fee	$75
Meter Removal Fee	Based on the charge imposed by water supplier
Returned Payment Fee	$25
Service Restoration Fee	$100

*100 Cubic Feet = approximately 748 gallons

Additional information is available at: www.hrsd.com/finance or by calling 757.460.2261

Rate Schedule
Fiscal Year - 2027
(July 1, 2026 – June 30, 2027)

1. WASTEWATER TREATMENT RATES (All customers except those in the Small Communities)

   Accounts are billed either according to a water meter reading or, in the absence of a water meter, at a flat rate per day. A minimum rate per day applies to all metered accounts.

   Customers without a utility-owned water meter (typically well water customers) shall be billed according to their own water meter, which must be installed and maintained in accordance with the requirements of this Rate Schedule (except Flat Rate accounts).

   Consumption Based Accounts – Accounts with water meters (wastewater charges are generally based on water meter readings)

   Flat Rate Accounts (typically limited to Single Family Residential) – These are primary residence accounts without water meters or that use a significant amount of water not discharged to the sanitary sewer (irrigation, swimming pools, etc.). Charge is based on actual or typical water meter size.

2. SMALL COMMUNITIES RATES

   Small Communities include Mathews, King William, Middlesex, Urbanna, Surry, West Point and the communities of Virginia's Eastern Shore.

   A minimum rate per day applies to all metered accounts.

   <u>Unmetered Accounts</u>

   Single Family Residential customers without a utility-owned water meter (typically well water customers) shall be billed a Flat Rate per day.

   All other customers, including commercial, government, professional, and multifamily customers without a utility-owned meter (typically well water customers) shall be billed a flat rate based on an Equivalent Residential Unit (ERU) basis. A schedule of fractions or multiples of the ERU is determined by HRSD based on the facility category. This schedule may be subject to verification or revision.

   For wastewater service not described herein, such as decentralized wastewater service, HRSD may bill a rate adequate to cover the cost of service and asset renewal.

   All other rates and fees in this Rate Schedule apply to Small Communities accounts when applicable.

   WASTEWATER TREATMENT AND COLLECTION RATES – Lawnes Point - For metered locations in the Lawnes Point subdivision of Isle of Wight County, accounts are billed the Sewer Rate published by Isle of Wight Public Utilities in addition to the Wastewater Treatment Rate listed in the aforementioned section 1.

   All other rates and fees in this Rate Schedule apply to accounts in the Lawnes Point subdivision in Isle of Wight County when applicable.

3. TOWN WHOLESALE TREATMENT RATE - The Town Wholesale Treatment Rate is the rate paid by an incorporated town per specified unit of measure to recover the costs of conveyance and treatment of Domestic Quality Wastewater when the town does not use all HRSD facilities or need all services provided to a typical customer. This rate is only applicable to incorporated towns with a population less than 2,000.

4. HIGH STRENGTH OR UNUSUAL WASTE SURCHARGE

a. Surcharges

Unusual wastes not covered by this Rate Schedule will be considered separately and may be assigned a special rate.

b. Characterization

To determine the applicability of the surcharge, HRSD will assign an average concentration based on results obtained from similar businesses or may make an initial wastewater monitoring survey of the discharge. Based on business classification averages or survey results, HRSD will institute the surcharge. In cases of unusual wastes not covered by existing surcharge rates, HRSD may allow the customer to provide such tests and equipment needed to provide adequate basis for the surcharge. When wastewater discharge is subject to surcharge, the surcharge may be based on the normal characteristics of that waste. These will be determined from wastewater surveys of discharges from similar operations, wastewater surveys from the individual source, or from industrial, chemical, engineering or other appropriate reference.

c. Pretreatment

Wastewater discharge limitations may be imposed by HRSD to protect transmission and treatment structures or processes and to ensure compliance with federal and state effluent limitation guidelines. Pretreatment before discharge or elimination of the discharge may be required to meet the above guidelines, and/or all health standards as required by the Safe Drinking Water Act. It also may be necessary to remove any type of waste or alter any manner of discharge determined by HRSD to be detrimental to either transmission and treatment structures or processes.

d. Damage to Facilities

In the event either transmission or treatment structures or processes are damaged, or the flow through said structures or processes is hampered by a customer's wastewater discharge, HRSD may make or require to be made, at the customer's expense, such repairs as are necessary to restore transmission or treatment structures or processes to normal system operation.

5. NUTRIENT CREDITS

Nutrient Credit Rates are established to recover the marginal operational cost to treat pollutants and the capacity of assets consumed to treat the pollutants. HRSD, as provided in its Nutrient Credit Management Policy, may elect to sell these credits if it doesn't jeopardize compliance with its waste load allocation.

Generally, the Operational Charge is paid in advance every five years based on the then current rate. The charge will be reassessed every five years based on the rate in effect at the time of reassessment. On a case-by-case basis, intervals other than five years may be considered to support alignment with the credit recipient's permit cycle or needs.

Credits required to meet Virginia Pollutant Discharge Elimination System (VPDES) allocations must be paid annually.

6. HAULED WASTEWATER (INDIRECT DISCHARGE WASTE)

Waste including fats, oils, and grease (FOG) or other approved hauled wastes brought directly to an authorized HRSD Treatment Plant. Refer to www.hrsd.com/waste-hauler for additional information.

7. WASTEWATER FACILITY CHARGE

Wastewater facility charges cover the cost of treatment and conveyance capacity consumed by new connections, new development, or redevelopment resulting in increased wastewater volume or higher strength waste. Facility charges are applied to any sewer or sewer system discharging into HRSD facilities and any increase to existing service. For development occurring at a property previously connected to an existing sanitary sewer tap, the applicable facility charge will be waived for equivalent flow capacity. If a property previously served by a septic tank is connected to the sewer system, the applicable facility charge may be waived for equivalent flow capacity.

a. Volume-Based Facility Charges

These charges apply to all connections and are due and payable prior to the issuance of a building permit/sewer permit by the local jurisdiction. The facility charge shall also be due and payable prior to the renewal and/or reissuance of a building permit except in cases where the applicable facility charge was paid when the building permit was originally issued.

b. Special Exceptions

Where an expansion of existing facilities is planned, a facility charge will be paid for the difference in meter size.

In the case of a property use change (redevelopment), where the number and/or size of meters change, the facility charge will be computed based on the difference between the facility charge (at present rates) for the existing facility and the facility charge for the new facilities. In the case of redevelopment where neither the number nor size of meters change, there will be no facility charge required. No refund will be made for decreases in capacity.

Where service by a single master meter is changed to multiply individual meters, no utility charge will be required if aggregate usage remains unchanged.

When oversized water meters are used for fire service, to decrease pressure loss, to provide residential sprinkler systems or other unusual situations, the facility charge will be based on the meter normally sized for the service involved without these special considerations. The sizing required for service will be based on American Water Works Association (AWWA) flow requirements, certified by a Registered Professional Engineer or Architect and approved by HRSD.

When a significant quantity of metered water is not returned to the sewer, the facility charge will be based on one of the following:

i. The size of the meter supplying water returned to the sewer.
ii. The size of the meter supplying water minus the size of the customer-owned deduction meter, rounded up to the next available meter size. The deduction meter will be calculated in accordance with AWWA M22 Standards.
iii. The appropriate water meter size (as determined by HRSD) if effluent metering is the only alternative.

If the usage pattern changes from that originally intended and more flow enters the sewer system, the facility charge will be increased accordingly.

When a water meter is not installed and the customer is connected to the sewer system, HRSD will use an ERU calculation to determine the comparable water meter size.

When a non-residential water meter size does not accurately represent the wastewater treatment and conveyance capacity consumed (based on HRSD's rate model), the facility charge will be calculated based on the projected capacity consumed multiplied by the rate model's equivalent unit charge $/gallon per day.

c. Refunds

Because of HRSD's certification and allocation of flow policies, payment of a facility charge will not assure connection to the system at the same cost after one year from date of issuance. The holder of a HRSD facility charge receipt, upon written request, will be eligible for refund when:

i. Prior to construction, a change is made in the property which would result in a reduced facility charge.
ii. Building permits are denied or canceled.
iii. Construction has not or will not begin within one year from date of issuance.
iv. The collection was made in error.

No refunds will be issued if HRSD has added treatment or conveyance capacity to the Regional Sanitary Sewer System as a result of the proposed construction prior to the request for a refund.

d. Unusual Situations

For unusual connections or where otherwise indicated, HRSD may make or require to be expensed, such investigations as will provide adequate basis for determination of the facility charge.

8. SERVICE FEES

a. ACCESS CARD REPLACEMENT FEE - When it becomes necessary to replace an electronic access card for automated entry into a HRSD treatment plant or plants, the customer will be required to pay a fee per card.

b. ACCOUNT DOCUMENTATION FEE - A fee per account per 12-month period will be charged each time a customer requests account documentation.

c. ADVANCE SERVICE FEE - In cases of repeated delinquency, the customer will be required to pay an advance service fee. The amount will be based on the customer's previous 12-month billing history. Advance service fees will be refunded or automatically applied upon final billing. A customer whose account has not been delinquent for two years may apply in writing for a refund of an advance service fee.

d. DAMAGED LOCK FEE - When it becomes necessary to lock a meter, and the customer damages the lock or removes the lock in an attempt to resume water service, the customer will be billed a fee. HRSD will arrange for removal of the meter.

e. DAMAGED METER/ANTENNA FEE - When it becomes necessary to replace a meter and/or antenna that the customer damaged, the customer will be billed a fee plus the cost of the meter and/or antenna.

f. DELINQUENCY AND RESTORATION SERVICE FEE - Each customer shall be billed a service fee when HRSD provides warning of impending disconnection or disconnects such customer's meter because of non-payment of wastewater treatment or other delinquent charges or fees.

When any such services relating to the customer's meter are performed by the water supplier on behalf of HRSD, a fee to defray the charge imposed by the water supplier will be applied.

g. INACCESSIBLE METER FEE - When it becomes necessary to access a meter and the customer deliberately blocks access to the meter, the customer will be billed a fee.

h. LATE PAYMENT CHARGE - All bills are due and payable when presented. When full payment is not posted to an account by the due date, a late payment charge of the past due amount will be assessed per month.

i. METER (DEDUCTION) FEE - A fee will be assessed per deduction meter per month.

j. METER READING FEE - In the event HRSD must directly obtain a meter reading due to customer's failure to submit required meter readings, the customer will be required to pay a fee.

k. METER REMOVAL FEE - When water service has been disconnected for non-payment and it becomes necessary to remove the meter, a fee to defray the charge imposed by the water supplier will be applied.

l. RETURNED PAYMENT FEE - A fee will be billed each time a financial institution returns a customer's payment. This fee will be refunded upon receipt of satisfactory evidence that the payment was returned solely due to the financial institution's error.

m. SERVICE RESTORATION FEE - Customers who have made a sufficient payment following disconnection of water service and request to have service restored outside of standard restoration hours will be billed a fee.

9. PAYMENT PLAN - A courtesy payment plan may be available for customers temporarily having difficulty managing their bill. Customers approved for a payment plan must maintain eligibility requirements which include maintaining a current account and making timely scheduled payments without a history of late or returned payments.

10. SERVICES RECEIVED WITHOUT BILLING - Wastewater treatment charges may be assessed for services received but not billed (for any reason) for a period of up to three prior years. The rate in effect in the year wastewater treatment services were provided will be applied. If necessary, at HRSD's sole discretion, payment plans may be established for payment of delayed billing or unbilled previous service.

11. FLAT RATE ACCOUNTS

Single family residential customers using a significant amount of water not discharged into the sanitary sewer system (typically irrigation systems or swimming pools) can establish a flat rate account with HRSD.

The General Manager or Chief Financial Officer may approve a flat rate account for water meters greater than 1-inch if the requester provides sufficient evidence there is a significant portion of water not discharged into the sanitary sewer system relative to average residential water consumption. Alternatively, these customers may have a separate water service installed by their local water provider solely for the uses that do not discharge to the sanitary sewer. This separate service will not be billed wastewater treatment charges by HRSD. Other local water charges may apply. Customers should check with their local water provider for details.

12. CUSTOMER-OWNED METERS

a. Service Meters

i. Meters must be purchased, permanently installed and maintained at the customer's expense.

ii. The customer is required to provide HRSD a meter reading by the 10th day of each month. Charges will be based on this Rate Schedule. If a meter reading is not received by the 10th day of the month, HRSD will bill estimated wastewater treatment charges (and applicable surcharges) based upon consumption determined by HRSD. If the customer fails to provide a meter reading for a third consecutive month, HRSD will read the meter and calculate wastewater treatment charges (and applicable surcharges) based on consumption since the last actual meter reading, less consumption on the estimated billings. A meter reading fee will be assessed.

iii. All meters installed are subject to periodic inspection and reading by HRSD personnel to ensure the accuracy of billings. Meters may be required, at the customer's expense, to be certified as accurate to manufacturer's specifications. A copy of the certification, if required, must be provided to HRSD. Meters installed after July 1, 1992, must be installed in such a manner as to provide one person access as defined in HRSD's Confined Space Entry Program.

iv. Defective meters must be repaired or replaced at the customer's expense. Billing in the interim will be based on an estimate by HRSD. If necessary, an adjustment will be made based on six months of metered consumption using repaired or replaced meters.

b. Deduction Meters (sub-meters)

Existing commercial, industrial, multi-family residential customers with their own deduction meter installed and registered with HRSD prior to July 1, 2009, can meter their own water use not discharged to the sanitary sewer system. That meter information must be reported to HRSD for a reduction of billed consumption (wastewater treatment charges only). Failure to submit at least one deduction meter reading in a 12-month period will result in permanent termination of deduction meter credits for any single-family residential account. Customer- owned deduction meters shall be installed, maintained, read and reported to HRSD as follows:

i. To receive a reduction in wastewater treatment charges, the customer must provide a deduction meter reading to HRSD each billing period. Customers should submit their readings to HRSD five to seven days prior to their scheduled meter-read date to ensure the maximum deduction. The meter-read date can be found on the customer's bill and generally falls on or about the same day of the month for each billing cycle. Deduction meter readings submitted after the stated meter-read date will not be reflected for that billing cycle. If multiple deduction meter readings are submitted within the same bill period, the latest read will be used to calculate the credit.

ii. After receiving the deduction meter reading HRSD will make the appropriate reduction in billed consumption, which will be reflected on the next bill. **Billed wastewater treatment charges will not be reduced below the minimum charges per this Rate Schedule.**

iii. All installed meters are subject to HRSD's inspection and verification of submitted readings. HRSD may require meters to be calibrated and their accuracy certified at the customer's expense. A copy of any required certification must be provided to HRSD. Meters installed after July 1, 1992, must be installed in a manner that provides one person access as defined in HRSD's Confined Space Entry Program.

iv. Defective meters must be repaired or replaced at the customer's expense. Otherwise, no deduction will be allowed.

v. Installation of a meter must have complied with the local water jurisdiction's cross-connection control program (backflow prevention).

c. Non-Residential Account – Special Meter

For special situations, HRSD may require the installation of submeters and/or effluent meters if this is the most practical means of determining the Wastewater Treatment Charge. Installation and charges will be based on the requirements of this Rate Schedule.

d. For commercial accounts and in unusual situations and when meters are not present or feasible to install, HRSD may approve the use of pump runtimes to calculate wastewater flows as a substitute for a meter.



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Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, VA 23455
www.HRSD.com

HRSD
Sustainable, Innovative Wastewater Treatment

Resource: Steve de Mik

AGENDA ITEM 6. – May 26, 2026

Subject: Trust Agreement
Exclusion of Certain Locality Improvements from Calculations of Operating Expenses Resolution

Recommended Action: Adopt the resolution authorizing the exclusion of Locality Improvements from the calculation of Operating Expenses for purposes of the Trust Agreement.

Resolution Description: When staff prepares the Fiscal Year 2026 (FY) Annual Comprehensive Financial Report (ACFR), there is work being performed on four locality improvement projects with an estimated total project cost of $158,070,379. A portion of this amount was expended in FY 2026 and is excluded from Operating Expenses as defined in the Trust Agreement. The remaining amount is expected to be expended annually up to FY 2030. By excluding these projects from Operating Expenses, staff can calculate the Debt Service Coverage Ratio in accordance with our debt covenants.

These projects improved the integrity of the regional wastewater system by rehabilitating aging infrastructure to reduce inflow and infiltration.

An excerpt from the Trust agreement is provided below:

> *"Operating Expenses shall also exclude expenses for improvements that will not be owned by the District but which will, in the reasonable determination of the Commission, as evidenced by a resolution thereof, maintain or improve the integrity of the Wastewater System."*

HRSD's legal counsel Norton Rose Fulbright US LLP, prepared the attached Resolution.

Hampton Roads Sanitation District
Resolution of
May 26, 2026

HAMPTON ROADS SANITATION DISTRICT COMMISSION

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RESOLUTION
EXCLUDING CERTAIN LOCALITY IMPROVEMENTS FROM CALCULATION OF OPERATING EXPENSES FOR PURPOSES OF THE DISTRICT'S TRUST AGREEMENT

Adopted May 26, 2026

RESOLUTION

RESOLUTION EXCLUDING CERTAIN LOCALITY IMPROVEMENTS FROM CALCULATION OF OPERATING EXPENSES FOR PURPOSES OF THE DISTRICT'S TRUST AGREEMENT

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

WHEREAS, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Act"), the Commission is authorized and empowered:

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District;

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Act and pledged for their payment, for the purpose of paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission, and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system; and

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

WHEREAS, the Commission authorized the execution and delivery of a Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024, as supplemented (as so amended, restated and supplemented, the "Trust Agreement"), between the District and The Bank of New York Mellon, as Trustee (in such capacity, the "Trustee"), to provide for the issuance of Senior Obligations (as defined in the Trust Agreement) of the District;

WHEREAS, the Commission has previously issued several series of Senior Obligations in accordance with the Trust Agreement;

WHEREAS, in connection with certain covenants and agreements of the Commission contained in the Trust Agreement, the term "Operating Expenses" excludes for the purpose of such term, "expenses for improvements that will not be owned by the District but which will, in the reasonable determination of the Commission, as evidenced by a resolution thereof, maintain or improve the integrity of the Wastewater System;"

WHEREAS, attached as Exhibit A to this Resolution is a list of certain improvements to assets not owned by the District but instead by localities in the District's service area (the "Locality Improvements"); and

WHEREAS, information has been presented to the Commission at this meeting to the effect that notwithstanding that such Locality Improvements will not be owned by the District, each such Locality Improvement will maintain or improve the integrity of the Wastewater System;

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

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

Section 2. Exclusion of Locality Improvements from Calculation of Operating Expenses for Purposes of Trust Agreement. Based on the information presented to the Commission at this meeting, the Commission hereby determines that each of the Locality Improvements described in Exhibit A to this Resolution will maintain or improve the integrity of the Wastewater System and shall, accordingly, be excluded from the calculation of "Operating Expenses" for the purposes of the Trust Agreement.

Section 3. No Effect on Calculation of Operating Expenses for Other Purposes. Notwithstanding the Commission's determination to exclude the Locality Improvements from the calculation of "Operating Expenses" for purposes of the Trust Agreement, this Resolution shall not, in and of itself, affect the calculation of operating expenses by the District for any other purpose, including, but not limited to, the calculation of "Operating Expenses" for purposes of the presentation of financial information in the District's audited financial statements.

Section 4. Further Actions. The Chair of the Commission, the Vice Chair of the Commission, the General Manager/Chief Executive Officer of the District and the Deputy General Manager/Chief Financial Officer of the District (each, a "Delegate"), any one of whom may act, are each authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effectuate the actions contemplated by this Resolution.

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

Section 6. Cumulative Effect. This Resolution shall not be interpreted to rescind or effect any prior resolution of the Commission with respect to locality improvements identified in such prior resolution; and all such prior resolutions and this Resolution shall be deemed to be cumulative in effect.

RESOLUTION
EXCLUDING CERTAIN LOCALITY IMPROVEMENTS FROM CALCULATION OF OPERATING EXPENSES FOR PURPOSES OF THE DISTRICT'S TRUST AGREEMENT

Section 7. Effective Date. This Resolution shall take effect immediately upon its passage, but with effect relating back to the date of the incurrence of any expense relating to the Locality Improvements.

[END OF RESOLUTION]

Adopted by the Hampton Roads Sanitation District Commission on May 26, 2026.

_____
Stephen C. Rodriguez, Chair

EXHIBIT A

LOCALITY IMPROVEMENTS

GN020310: High Priority Inflow and Infiltration Reduction Program Implementation

Project Description: This project encompasses the program management, design, construction, and post construction activities identified in the High Priority Inflow and Infiltration Reduction Program (HPIIRP) and combines the associated CIP projects: AT014301; JR013700; NP013901; NP014801; VP019300; and WB013200. These activities include, but are not limited to: program management and controls, design, construction, public outreach and stakeholder engagement, flow monitoring, Sanitary Sewer Evaluation Surveys (SSES), cost effective analysis, hydraulic modeling, private I&I investigations, post construction modeling as well as development of the Adaptative Management Plan. This project and the overall Program are being delivered via the PPEA project delivery method.

Project Justification: The existing GN020300 Project, covers the pre-planning, negotiation and initial data collection analysis of the overall HPIIRP program as part of the interim agreement with the Design-Build (D-B) firm. This agreement is scheduled to be finalized by late Summer 2025, once the concept plan and comprehensive agreement are in place. As part of the comprehensive agreement, the D-B Firm will execute the design, construction and post-construction activities associated to the following individual CIP projects: AT014301; JR013700; NP013901; NP014801; VP019300; and WB013200; however, due to the iterative nature of the program, certain programmatic activities, as well as design, construction and post-construction activities are not specifically associated to one single project but a combination of them. Staff believes that a new CIP combining these activities would allow for the flexibility of executing them as the program progresses during the phases of the program at the different project locations.

Approximate Project Cost: $143,715,840

GN020910: Microbial Source Tracking Identified Locality Repairs (FY25)

Project Description: This project will provide FY25 funding for the Microbial Source Tracking (MST) Program required as part of the Integrated Plan.

Project Justification: Several water bodies in the Hampton Roads region remain impaired by bacteria with elevated levels found in dry weather in areas that have no record of sewer overflow and, in some cases, in areas without any public sewer infrastructure. Dry weather ongoing sources almost always present a greater impact to water quality than isolated wet weather-related sewer overflows. Surface water monitoring data following SSOs has indicated that the impacts of a transient SSO on the long-term impairment of a waterway are minimal supporting the conclusion that waterway impairments in the Hampton Roads area are driven by chronic and persistent sources. Given that the regional sanitary sewer system has no chronic capacity-related overflow

locations the most effective approach toward achieving a higher degree of public health protection is to identify and eliminate the sources of bacterial contamination specifically those that are known to represent the greatest risk to public health - human sources. To this end HRSD has implemented its Microbial Source Tracking Program. This focused water quality monitoring effort in partnership with local governments and the Virginia Department of Health has been successfully used to identify locate and eliminate chronic and persistent non-SSO-related sources of human-sourced bacteria.

Approximate Project Cost: $300,000

VP018301: VIP Service Area I-I Reduction Phase I (PORTS)

Project Description: PORT-01 Comprehensive I/I Reduction Plan; PORT-02 General I/I Reduction Plan.

Project Justification: As part of HRSD's Integrated Plan, a program of High Priority RWWMP Projects (HPP) will be constructed through 2030. These projects were selected based on their ability to provide the greatest environmental and human health benefits. Further, this $200+ million investment will significantly reduce sanitary sewer overflow (SSO) volume at the 5-year level of service by 47 percent.

Approximate Project Cost: $11,144,673

VP018303: VIP Service Area I-I Reduction Phase III (PORTS)

Project Description: PORT-04 General I/I Reduction Plan; PORT-04-LOP65-1 Data-Driven I/I Reduction Plan; PORT-04-LOP65-2 Data-Driven I/I Reduction Plan; PORT-04-LOP65-3 Data-Driven I/I Reduction Plan.

Project Justification: As part of HRSD's Integrated Plan, a program of High Priority RWWMP Projects (HPP) will be constructed through 2030. These projects were selected based on their ability to provide the greatest environmental and human health benefits. Further, this $200+ million investment will significantly reduce sanitary sewer overflow (SSO) volume at the 5-year level of service by 47 percent.

Approximate Project Cost: $2,909,866

Resource: Steve de Mik

AGENDA ITEM 7. – May 26, 2026

Subject: Expenditure of Tax-Exempt Bond Proceeds
Reimbursement Resolution for Fiscal Year (FY) 2026-2027

Recommended Action: Adopt reimbursement resolution.

Brief: Federal tax law requires that a government officially declare its intent to "reimburse" itself for capital expenditures occurring prior to the issuance of tax-exempt bonds. Subject to certain limited exceptions, the expenditures to be reimbursed cannot be more than 60 days prior to the date of the resolution.

The reimbursement resolution amount of $838 million is based on the FY 2027-2036 Capital Improvement Program, less amounts that HRSD intends to pay with cash, and is a reasonable estimation of the maximum amount of debt proceeds that could be subject to reimbursement.

In FY 2027, staff will initially use cash to fund Virginia Clean Water Revolving Loan Fund (VCWRLF) and Water Infrastructure Finance and Innovation Act (WIFIA) projects while we await payment from the Department of Environmental Quality and the Environmental Protection Agency (EPA). Staff may also use cash to fund capital projects and seek reimbursement from our tax-exempt Extendable Commercial Paper Program, the Water Quality Improvement Fund (WQIF), or another form of debt financing.

Hampton Roads Sanitation District
Resolution of
May 26, 2026

HAMPTON ROADS SANITATION DISTRICT COMMISSION

****

RESOLUTION OF THE HAMPTON ROADS SANITATION DISTRICT COMMISSION OF HAMPTON ROADS SANITATION DISTRICT DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE FINANCINGS FOR CERTAIN EXPENDITURES MADE OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

Adopted May 26, 2026

RESOLUTION OF THE HAMPTON ROADS SANITATION DISTRICT COMMISSION OF HAMPTON ROADS SANITATION DISTRICT DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE FINANCINGS FOR CERTAIN EXPENDITURES MADE OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

WHEREAS, Hampton Roads Sanitation District (the "District") is a political subdivision organized and existing under the laws of the Commonwealth of Virginia; and

WHEREAS, the District prepares a Capital Improvement Program ("CIP") each year for capital projects currently underway and proposed to be undertaken over the next 10 fiscal years (each, a "Fiscal Year" or "FY") and a draft CIP is reviewed by the Hampton Roads Sanitation District Commission (the "Commission") in late March or early April with a final CIP typically adopted in May; and

WHEREAS, in connection with the preparation of the annual CIP, the District prepares annual cash flow projections, setting forth the cash flow needs for capital projects and funding sources for such projects broken down into categories of (a) cash from the District's operation of its facilities, (b) loans to the District from the Virginia Clean Water Revolving Loan Program (such loans, "Clean Water Revolving Fund Loans"), which is administered by the Virginia Resources Authority ("VRA"), and (c) amounts expected to be raised from the issuance by the District of bonds, notes, commercial paper or other obligations (which, for purposes hereof, may include draws from the District's Second Amended and Restated Credit Agreement by and between the District and Bank of America, N.A., dated as of June 30, 2022, as heretofore or hereinafter amended, or other lines of credit) (all such obligations, the "Bonds"); and

WHEREAS, the District has paid, beginning on a date no more than 60 days prior to the date hereof, and will pay, on and after the date hereof, certain expenditures (the "Expenditures") in connection with the acquisition, construction and/or equipping of the capital projects for FY2026 and FY2027, as listed in the District's FY2027 – FY2036 CIP, which was adopted on the date hereof, and attached as Exhibit A hereto (the "Projects"); and

WHEREAS, the Commission has determined that those moneys previously advanced no more than 60 days prior to the date hereof and to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the District for the Expenditures from the proceeds of the Clean Water Revolving Fund Loans, or one or more issues of Bonds;

NOW, THEREFORE, THE HAMPTON ROADS SANITATION DISTRICT COMMISSION DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Commission hereby declares the District's intent to reimburse the District with the proceeds of the Bonds or Clean Water Revolving Fund Loans for the Expenditures with respect to the Projects made on or after March 27, 2026, which date is no more than 60 days

prior to the date hereof. The District reasonably expects on the date hereof that it will reimburse the Expenditures with the proceeds of the Bonds or Clean Water Revolving Fund Loans.

Section 2. Each Expenditure was and will be (a) of a type properly chargeable to capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), (b) a cost of issuance with respect to the Clean Water Revolving Fund Loans or the Bonds, (c) an extraordinary nonrecurring item that is not customarily payable from current revenues, or (d) a grant to a party that is not related to or an agent of the District so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the District.

Section 3. The maximum principal amount of the Clean Water Revolving Fund Loans and Bonds expected to be issued for the Projects is $837,791,269.

Section 4. The District will make a reimbursement allocation, which is a written allocation by the District that evidences the District's use of proceeds of the Clean Water Revolving Fund Loans or the Bonds to reimburse an Expenditure, no later than 18 months after the later of the date on which the Expenditure is paid or the related Projects are placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The District recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain *de minimis* amounts, and expenditures for construction projects of at least five years.

Section 5. This resolution shall take effect immediately upon its passage.

[End of Resolution]

RESOLUTION OF THE HAMPTON ROADS SANITATION DISTRICT COMMISSION OF HAMPTON ROADS SANITATION DISTRICT DECLARING ITS INTENTION TO REIMBURSE ITSELF FROM THE PROCEEDS OF ONE OR MORE TAX-EXEMPT FINANCINGS FOR CERTAIN EXPENDITURES MADE OR TO BE MADE IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION OR EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS

PASSED AND ADOPTED this 26th day of May, 2026.

The undersigned further certifies that the foregoing has been properly approved and adopted in accordance with all applicable requirements of the Hampton Roads Sanitation District Commission.

_____

Stephen C. Rodriguez, Chair

EXHIBIT A

CAPITAL IMPROVEMENT PROGRAM

FY2027 – FY2036 (10-Year Plan)

CIP Number	Project Name	Spend	Contingency	Total w/ Contingency
PR_AB010500	Section W Force Main Replacement	$ 2,571,092	$ 514,218	$ 3,085,310
PR_AB011900	Army Base Treatment Plant Administration Building Renovation (2021)	$ 582,548	$ 116,510	$ 699,057
PR_AB012100	Army Base Treatment Plant Generator Control Replacement	$ 2,685,585	$ 537,117	$ 3,222,702
PR_AB012400	Army Base Treatment Plant Fire Suppression System Upgrades	$ 692,977	$ 138,595	$ 831,572
PR_AB012500	Army Base Treatment Plant Calcium Carbonate System	$ 13,333	$ 2,667	$ 16,000
PR_AD012600	Central Environmental Laboratory Expansion and Rehabilitation	$ 29,074,940	$ 5,814,988	$ 34,889,929
PR_AD012800	Customer Cloud Service Implementation	$ 4,157,486	$ 831,497	$ 4,988,983
PR_AD012900	Information Technology Hardware Improvements	$ 3,102,000	$ 620,400	$ 3,722,400
PR_AD013000	Enterprise Resource Planning (ERP) Cloud Implementation	$ 2,838,889	$ 567,778	$ 3,406,667
PR_AT011900	Great Bridge Interceptor Extension 16-Inch Replacement	$ 17,081,659	$ 3,416,332	$ 20,497,991
PR_AT013010	Washington District Pump Station Replacement	$ 7,392,955	$ 1,478,591	$ 8,871,546
PR_AT013110	South Norfolk Area Gravity Sewer Improvements, Phase II	$ 577,141	$ 115,428	$ 692,569
PR_AT014600	Kempsville Interceptor Force Main Replacement - Phase I	$ 728,209	$ 145,642	$ 873,851
PR_AT015400	Doziers Corner Pump Station Replacement	$ 5,462,879	$ 1,092,576	$ 6,555,455
PR_AT016000	Atlantic Treatment Plant Odor and Solids Improvements 2023	$ 48,713,057	$ 9,742,611	$ 58,455,668
PR_AT016600	Great Bridge Boulevard Interceptor Force Main (SF-164) Segmental Replacement at	$ 1,902,822	$ 380,564	$ 2,283,386
PR_AT016700	Providence Road Interceptor Force Main (SF-165) Segmental Replacement at Depo	$ 877,396	$ 175,479	$ 1,052,876
PR_AT017000	Atlantic Treatment Plant THP Steam Generation Project	$ 301,876	$ 60,375	$ 362,251
PR_AT017300	Atlantic Treatment Plant Emergency Power Generation Capacity Improvements	$ 1,749,314	$ 349,863	$ 2,099,177
PR_BH013020	Willard Avenue Pump Station Replacement	$ 1,084,259	$ 216,852	$ 1,301,111
PR_BH014220	Hampton Trunk Sewer Extension Divisions I and J Relocation Phase II	$ 1,088,908	$ 217,782	$ 1,306,689
PR_BH015700	Boat Harbor Treatment Plant Pump Station Conversion	$ 14,510,665	$ 2,902,133	$ 17,412,798
PR_BH015720	Boat Harbor Treatment Plant Transmission Force Main Section 2 (Land)	$ 4,808,379	$ 961,676	$ 5,770,055
PR_BH015730	Boat Harbor Treatment Plant Decommission and Demolition	$ 12,563,612	$ 2,512,722	$ 15,076,334
PR_BH016400	Jefferson Avenue Pump Station Electrical Improvements	$ 720,000	$ 144,000	$ 864,000
PR_BH016510	Jefferson Avenue Pump Station Replacement Study	$ 73,684	$ 14,737	$ 88,421
PR_BH016600	LaSalle Avenue Interceptor Force Main Replacement Phase I	$ 285,000	$ 57,000	$ 342,000
PR_CE011810	Chesapeake-Elizabeth Treatment Plant Decommissioning	$ 5,006,135	$ 1,001,227	$ 6,007,362
PR_ES010300	Onancock Treatment Plant Administration Building Upgrade	$ 123,840	$ 24,768	$ 148,608
PR_ES010500	Chincoteague Treatment Plant Improvements	$ 6,137,767	$ 1,227,553	$ 7,365,320
PR_ES010800	Onancock Treatment Plant Solids Handling Improvements	$ 513,937	$ 102,787	$ 616,724
PR_ES011000	Onancock Pump Station Improvements	$ 157,380	$ 31,476	$ 188,856
PR_ES011100	Tangier Island Collection System Improvements	$ 426,667	$ 85,333	$ 512,000
PR_ES011200	Tangier Island Treatment Plant Improvements	$ 345,000	$ 69,000	$ 414,000
PR_GN016230	SWIFT Research Center Educational and Outreach Improvements	$ 432,752	$ 86,550	$ 519,302
PR_GN016320	Program Management of SWIFT Full Scale Implementation	$ 11,908,584	$ 2,381,717	$ 14,290,300
PR_GN016347	James River Land Improvements - Phase II	$ 3,238,327	$ 647,665	$ 3,885,992
PR_GN016348	Nansemond Recharge Well Off Site Land Acquisition	$ 6,200,000	$ 1,240,000	$ 7,440,000
PR_GN016360	James River SWIFT Facility	$ 9,533,413	$ 1,906,683	$ 11,440,096
PR_GN016380	Nansemond SWIFT Facility	$ 205,397,872	$ 41,079,574	$ 246,477,446
PR_GN016381	Nansemond Recharge Wells (On Site)	$ 43,810,519	$ 8,762,104	$ 52,572,623
PR_GN016382	Nansemond Recharge Wells (Off Site)	$ 5,214,942	$ 1,042,988	$ 6,257,930
PR_GN016383	Nansemond Recharge Well Integration	$ 3,476,880	$ 695,376	$ 4,172,255
PR_GN016390	VIP SWIFT Tertiary Preliminary Engineering	$ 1,004,898	$ 200,980	$ 1,205,878
PR_GN016700	Treatment Plant Solids Handling Replacement Phase II	$ 5,056,594	$ 1,011,319	$ 6,067,913
PR_GN017400	Treatment Plant Dewatering Replacement Phase III	$ 7,315,869	$ 1,463,174	$ 8,779,043
PR_GN017900	Solids System Improvements for Army Base MHI Offline	$ 859,071	$ 171,814	$ 1,030,885
PR_GN018600	North Shore Galvanic Cathodic Protection Rehabilitation	$ 743,388	$ 148,678	$ 892,066
PR_GN018700	South Shore Galvanic Cathodic Protection Rehabilitation Phase I	$ 722,195	$ 144,439	$ 866,634
PR_GN018800	South Shore Galvanic Cathodic Protection Rehabilitation Phase II	$ 812,347	$ 162,469	$ 974,816
PR_GN018900	Pump Station Motor Control Center Replacements - Phase I	$ 531,993	$ 106,399	$ 638,392
PR_GN019700	Treatment Plant Dewatering Improvement Phase IV	$ 6,612,476	$ 1,322,495	$ 7,934,971
PR_GN020200	Treatment Plant Fire Suppression System Upgrades	$ 492,924	$ 98,585	$ 591,509

PR_GN020800	North Shore Pump Station Influent Valve Installations	$ 571,769	$ 114,354	$ 686,122
PR_GN021300	Treatment Plant Dewatering Centrifuge Equipment Rehabilitation	$ 334,242	$ 66,848	$ 401,090
PR_GN021610	Coatings and Concrete Rehabilitation and Replacement FY26	$ 251,023	$ 50,205	$ 301,227
PR_GN021620	Coatings and Concrete Rehabilitation and Replacement FY27	$ 2,180,000	$ 436,000	$ 2,616,000
PR_GN021700	Interceptor System Valve Improvements Phase II	$ 473,333	$ 94,667	$ 568,000
PR_GN021800	North Shore and Small Communities Division Aerial Crossing Improvements	$ 2,391,419	$ 478,284	$ 2,869,703
PR_GN021910	Roofing Rehabilitation and Replacement FY 27	$ 545,000	$ 109,000	$ 654,000
PR_GN022300	Interceptor System Valve Improvements Phase III	$ 445,714	$ 89,143	$ 534,857
PR_GN022400	Interceptor System Valve Improvements Phase IV	$ 173,625	$ 34,725	$ 208,350
PR_GN022800	North Shore Automated Diversion Facilities Phase II	$ 755,556	$ 151,111	$ 906,667
PR_GN022900	Offsite Biosolids Storage Facility Phase I	$ 1,028,571	$ 205,714	$ 1,234,286
PR_GN023200	1434 Air Rail Avenue Switchgear Controls Upgrade	$ 363,000	$ 72,600	$ 435,600
PR_JR013400	James River Treatment Plant Advanced Nutrient Reduction Improvements	$ 8,724,271	$ 1,744,854	$ 10,469,125
PR_JR013410	James River Treatment Plant Outfall Modifications	$ 3,003,658	$ 600,732	$ 3,604,390
PR_JR013500	Lucas Creek Pump Station Replacement	$ 1,291,297	$ 258,259	$ 1,549,556
PR_JR013610	James River Treatment Plant Automation Improvements Phase I	$ 411,301	$ 82,260	$ 493,561
PR_JR014100	James River Treatment Plant Viewshed Improvements	$ 54,545	$ 10,909	$ 65,455
PR_JR014200	Kiln Creek Interceptor Force Main Replacement	$ 8,647,291	$ 1,729,458	$ 10,376,749
PR_JR014300	Morrison Pump Station Replacement	$ 1,485,923	$ 297,185	$ 1,783,108
PR_JR014400	James River Treatment Plant Primary Clarifier Pipe Rehabilitation	$ 194,800	$ 38,960	$ 233,760
PR_JR014500	James River Treatment Plant Digester and Thickening Building Heating Systems Rep	$ 1,155,000	$ 231,000	$ 1,386,000
PR_MP013300	King William Treatment Plant Improvements Phase II	$ 3,623,656	$ 724,731	$ 4,348,387
PR_MP015300	King William Central Crossing Pump Station Rehabilitation	$ 695,625	$ 139,125	$ 834,750
PR_MP015500	Small Communities Rehabilitation Phase VI	$ 2,386,005	$ 477,201	$ 2,863,206
PR_MP015600	West Point Treatment Plant Final Effluent Pump Station Improvements	$ 1,365,002	$ 273,000	$ 1,638,003
PR_MP015610	West Point Treatment Plant Generator Installation	$ 10,000	$ 2,000	$ 12,000
PR_MP015700	West Point Treatment Plant Secondary Clarifier Improvements	$ 1,299,857	$ 259,971	$ 1,559,829
PR_MP015800	King William Main Pump Station Improvements	$ 640,000	$ 128,000	$ 768,000
PR_MP016000	Beaver Dam Discharge Force Main Replacement	$ 33,024	$ 6,605	$ 39,629
PR_MP016100	King William Collection System Capacity Improvements	$ 247,680	$ 49,536	$ 297,216
PR_MP016200	Urbanna and Central Middlesex Wastewater Treatment Plant Rehabilitation	$ 947,878	$ 189,576	$ 1,137,453
PR_MP016500	West Point Treatment Plant Solid Handling and Site Improvements	$ 157,333	$ 31,467	$ 188,800
PR_NP010620	Suffolk Pump Station Replacement	$ 19,116,146	$ 3,823,229	$ 22,939,375
PR_NP012400	Western Branch Sewer System Gravity Improvements	$ 4,914,985	$ 982,997	$ 5,897,982
PR_NP013000	Nansemond Treatment Plant Motor Control Center Replacements	$ 1,024,570	$ 204,914	$ 1,229,484
PR_NP013700	Nansemond Treatment Plant Struvite Recovery Facility Improvements	$ 4,113,411	$ 822,682	$ 4,936,093
PR_NP013820	Nansemond Treatment Plant Advanced Nutrient Reduction Improvements Phase II	$ 29,349,335	$ 5,869,867	$ 35,219,202
PR_NP014000	Wilroy Pressure Reducing Station and Off-line Storage Facility	$ 24,845,829	$ 4,969,166	$ 29,814,994
PR_NP014700	Nansemond Treatment Plant Digester Capacity Upgrades	$ 539,291	$ 107,858	$ 647,149
PR_NP015100	Nansemond Treatment Plant Administration Building Replacement	$ 763,208	$ 152,642	$ 915,850
PR_NP015500	Town of Dendron Discharge Force Main Replacement	$ 2,679,450	$ 535,890	$ 3,215,340
PR_NP015700	George Washington Interceptor Force Main Extension Part 2 (SF-140) Segmental Re	$ 1,770,602	$ 354,120	$ 2,124,722
PR_NP015800	North Churchill Interceptor Force Main (SF-206) Segmental Replacement at Swann	$ 186,850	$ 37,370	$ 224,219
PR_NP015900	Nansemond Treatment Plant Anaerobic Digester Capacity Improvements	$ 1,225,762	$ 245,152	$ 1,470,914
PR_NP016120	Cedar Lane Pump Station (PS 104) Modifications	$ 162,082	$ 32,416	$ 194,499
PR_VP014010	Ferebee Avenue Pump Station Replacement	$ 3,654,695	$ 730,939	$ 4,385,634
PR_VP014022	Sanitary Sewer Replacement 1950 – Part 2	$ 4,362,520	$ 872,504	$ 5,235,024
PR_VP015320	Larchmont Area Sanitary Sewer Improvements	$ 13,421,981	$ 2,684,396	$ 16,106,377
PR_VP015410	City Park Pump Station (PS 106) Replacement	$ 316,290	$ 63,258	$ 379,548
PR_VP015420	Luxembourg Pump Station (PS 113) Replacement and Ashland Sewer Extension	$ 6,953,801	$ 1,390,760	$ 8,344,561
PR_VP015430	Chesapeake Boulevard Pump Station (PS 105) Replacement and Robin Hood Road	$ 10,128,000	$ 2,025,600	$ 12,153,600
PR_VP018000	Park Avenue Pump Station Replacement	$ 170,420	$ 34,084	$ 204,504
PR_VP018301	VIP Service Area I-I Reduction Phase I (PORTS)	$ 5,721,357	$ 1,144,271	$ 6,865,628
PR_VP018303	VIP Service Area I-I Reduction Phase III (PORTS)	$ 828,232	$ 165,646	$ 993,879

PR_VP018800	Virginia Initiative Plant Administration Building Renovation	$ 3,527,524	$ 705,505	$ 4,233,028
PR_VP019000	Colley Ave Pump Station Pump Replacement	$ 3,370,290	$ 674,058	$ 4,044,348
PR_VP019200	Virginia Initiative Plant Motor Control Center Replacements	$ 1,037,436	$ 207,487	$ 1,244,923
PR_VP019700	Plume Street Pump Station Replacement (SS-PS-121)	$ 567,929	$ 113,586	$ 681,515
PR_VP019800	Virginia Initiative Plant Aeration Tank and Primary Clarifier Gate Replacement	$ 1,516,667	$ 303,333	$ 1,820,000
PR_VP019900	Virginia Initiative Plant Secondary Clarifier Solids Removal Mechanism Rehabilitatic	$ 1,512,000	$ 302,400	$ 1,814,400
PR_VP020100	Douglas Avenue Interceptor Force Main (SF-219) Improvements - Phase I	$ 705,040	$ 141,008	$ 846,048
PR_VP020200	Virginia Initiative Plant Nitrification Enhancement Facility MBBR Conversion	$ 860,000	$ 172,000	$ 1,032,000
PR_WB013201	Lodge Road Pump Station Extended Wet Well	$ 24,237	$ 4,847	$ 29,084
PR_WB013500	Williamsburg Treatment Plant Intermediate Clarifier Wet Weather and Phosphorus I	$ 2,059,948	$ 411,990	$ 2,471,937
PR_WB013900	Williamsburg Treatment Plant Solids Handling Improvements	$ 3,529,412	$ 705,882	$ 4,235,294
PR_WB014300	Pottery Off-line Storage Facility	$ 378,571	$ 75,714	$ 454,286
PR_WB014600	Williamsburg Treatment Plant Erosion Mitigation	$ 140,874	$ 28,175	$ 169,049
PR_YR010520	Magruder Mercury Interceptor Force Main Replacement - Section B	$ 20,000	$ 4,000	$ 24,000
PR_YR010900	Tabb Pressure Reducing Station and Offline Storage Facility	$ 25,000	$ 5,000	$ 30,000
PR_YR011900	Bethel-Poquoson Force Main Part III Replacement	$ 392,071	$ 78,414	$ 470,485
PR_YR014900	York River DEMON Upgrades	$ 188,312	$ 37,662	$ 225,974
PR_YR015000	York River Treatment Plant Switchgear and Motor Control Center Replacements	$ 2,500,000	$ 500,000	$ 3,000,000
PR_YR015400	York River Treatment Plant Fire Suppression System Upgrades	$ 1,601,431	$ 320,286	$ 1,921,717
PR_YR015500	Commander Shepard Boulevard Interceptor Force Main Replacement	$ 100,000	$ 20,000	$ 120,000
PR_YR015610	Maryus Road Interceptor Force Main Replacement Study	$ 250,000	$ 50,000	$ 300,000
			Total	**$ 837,791,269**

Resource: Steve de Mik

AGENDA ITEM 8. – May 26, 2026

Subject: Extendable Commercial Paper Program Resolution

Recommended Action: Adopt a resolution authorizing the creation of two commercial paper programs and the issuance of Hampton Roads Sanitation District Extendable Subordinate Commercial Paper Notes.

Brief: In March 2026, staff briefed the Commission on its recommendation to establish two Extendable Commercial Paper programs (ECP) - one taxable and one tax-exempt - with a combined authorization limit of $350 million outstanding at any one time to provide short-term interim financing for a portion of HRSD's Capital Improvement Program.

ECP is a short-term debt obligation issued by highly-rated, large municipal utilities, like HRSD, or governmental agencies to provide flexible, low-cost interim financing for capital projects. For large public issuers, an ECP program can provide flexible short-term financing at borrowing costs generally lower than those associated with bank lines of credit or long-term debt.

ECP is a series of short-term notes typically issued with original maturities ranging from a few days up to 180 days. These short-term notes are "rolled over" at maturity, meaning the principal of such notes is repaid with proceeds from newly issued notes until the notes are refinanced with long-term debt, other interim financing, or with available funds.

If an issuer is unable to successfully "roll over" the notes at maturity, the maturity automatically extends to a later date—typically no later than 270 days from the original issuance. This "extension" feature provides an issuer additional time to refinance or repay the obligation.

These programs are typically used by large, highly rated issuers with active capital programs, as the structure requires strong credit quality, active program management, and strong access to the capital markets.

Staff intends for this ECP to replace HRSD's $300 million existing bank line of credit. As with the existing bank line of credit, such ECP would constitute a subordinate obligation under HRSD's trust agreement.

The following program documents are provided in Attachment A:

a. Issuing and Paying Agency Agreement;
b. Dealer Agreement
c. Offering Memorandum;
d. a form of the Commerical Paper Notes

This resolution has been reviewed by HRSD's bond counsel, Norton Rose Fulbright US LLP.

Hampton Roads Sanitation District
Resolution of
May 26, 2026

HAMPTON ROADS SANITATION DISTRICT COMMISSION

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A RESOLUTION
AUTHORIZING THE CREATION OF TWO
COMMERCIAL PAPER PROGRAMS AND
THE ISSUANCE OF
HAMPTON ROADS SANITATION DISTRICT
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES

Adopted May 26, 2026

RESOLUTION AUTHORIZING THE CREATION OF TWO COMMERCIAL PAPER PROGRAMS AND THE ISSUANCE OF HAMPTON ROADS SANITATION DISTRICT EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES

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

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

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District;

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Act and pledged for their payment, for the purpose of paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission; and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system;

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

WHEREAS, the Commission has adopted the District's 2027-2036[1] Capital Improvement Program (as it may be amended from time to time, the "Capital Improvement Program"), which anticipates capital spending for projects identified in the Capital Improvement Program ("Projects");

WHEREAS, the District executed and delivered a Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as heretofore supplemented (the "Trust Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), to provide for the issuance of Bonds (as defined in the Trust Agreement) payable solely from the Net Revenues (as defined in the Trust Agreement) derived by the District from its Wastewater System (as defined in the Trust Agreement) and the money attributable to proceeds of the Bonds and the income from the investment thereof;

WHEREAS, Section 704(e) of the Trust Agreement permits the District to issue Subordinate Obligations (as defined in the Trust Agreement) without limitations, provided that such Subordinate

[1] Note assumes this resolution is adopted after the CIP is approved at this meeting.

Obligations shall provide that they are subordinate and junior in right of payment to the prior payment in full of the Senior Obligations (as defined in the Trust Agreement) issued thereunder;

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

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

WHEREAS, the Commercial Paper Notes will be marketed and distributed by a broker dealer pursuant to the terms of two Dealer Agreements, one with respect to the Tax-Exempt Commercial Paper Notes and one with respect to the Taxable Commercial Paper Notes (each, a "Dealer Agreement" and collectively, the "Dealer Agreements") between the District and a broker-dealer (each, a "Dealer"), and an offering memorandum describing the District and the Commercial Paper Notes (as the same may be amended and supplemented from time to time in accordance with Section 10 of this Resolution, the "Offering Memorandum");

WHEREAS, the Commission has determined that it will be in the best interest of the District for a Delegate to select entities to serve as Issuing and Paying Agent and Dealer for each series of the Commercial Paper Notes;

WHEREAS, the Commercial Paper Notes shall be issued pursuant to the Act as Subordinate Obligations, and shall be expressly subordinate and junior to the Lien (as defined in the Trust Agreement) on Net Revenues created pursuant to the Trust Agreement in favor of Senior Obligations of the District;

WHEREAS, because the Commercial Paper Notes provide interim financing, the Commission wishes to authorize the principal of and the interest on the Commercial Paper Notes to be paid with one or more of the following: (i) additional Commercial Paper Notes (with respect to principal of Commercial Paper Notes), (ii) the proceeds of bonds of the District issued as Senior Obligations under the Trust Agreement, (iii) draws on one or more WIFIA Loans (as defined and described in one or more supplements to the Trust Agreement) obtained by the District on a draw-down basis, (iv) the proceeds of grants received from the Commonwealth of Virginia Department of Environmental Quality ("DEQ") or other governmental third parties, (v) the proceeds of commercial paper notes issued pursuant to one or more additional commercial paper note programs created by the District or other

Subordinate Obligations of the District, and (vi) other District funds that may be available for such purpose; and

WHEREAS, there have been presented at this meeting draft copies of the following documents relating to the establishment of the commercial paper programs :

(a) the Issuing and Paying Agency Agreements;

(b) the Dealer Agreements;

(c) the Offering Memorandum; and

(d) a form of the Commercial Paper Notes and form of Master Note (as defined in the Issuing and Paying Agency Agreements);

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

Section 1. Definitions. Capitalized words and terms used in this Resolution and not defined herein shall have the same meanings in this Resolution as such words and terms are given in the Trust Agreement or Issuing and Paying Agency Agreements, as the case may be.

Section 2. Authorization of Commercial Paper Notes. In order to provide short-term interim financing for (i) a portion of the costs of the Projects, (ii) certain expenses incurred in connection with the issuance of the Commercial Paper Notes, (iii) the payment and redemption or purchase of outstanding Commercial Paper Notes, other indebtedness of the District and the refunding of any advances under a direct pay letter of credit or other form of credit support for the Commercial Paper Notes, if any, and (iv) such other purposes as may be described in a future resolution of this Commission and pursuant to the authority granted to it by the Act, the District hereby authorizes the issuance from time to time and in two series of Hampton Roads Sanitation District (Virginia) Subordinate Extendable Commercial Paper Notes, Series [_] [(Federally Taxable)] (the blank to be completed with a letter indicating separate series), in an outstanding aggregate principal amount not to exceed at any one time, Three Hundred Fifty Million Dollars ($350,000,000).

Each Commercial Paper Note will be dated its Note Date (as defined in the Issuing and Paying Agency Agreement), have an Original Maturity Date (as defined in the Issuing and Paying Agency Agreement) not to exceed [one hundred and fifty (150) days, be subject to an Extended Maturity Date (as defined in the Issuing and Paying Agency Agreement), any such Extended Maturity Date not to exceed two hundred and seventy (270) days from its Note Date, in such principal amounts and bearing interest at such rates (not to exceed a Maximum Interest Rate (as defined in the Issuing and Paying Agency Agreements) of [12]% per annum), as Tax-Exempt Commercial Paper Notes or as Taxable Commercial Paper Notes, all as determined by the Chair of the Commission, the Vice Chair of the Commission, the General Manager/Chief Executive Officer of the District or the Deputy General Manager/Chief Financial Officer of the District (each, a "Delegate"), any of whom may act, from time to time under the Issuing and Paying Agency Agreement, including Exhibits G thereto, as the same may be amended from time to time, but subject to the limitations set forth in this Section 2, and evidenced in Issuance Requests delivered by the District under the Issuing and Paying Agency Agreements.

The Commission hereby determines that the issuance of the Commercial Paper Notes will be in the best interests of the District.

The Commercial Paper Notes shall be issued as fully registered notes the minimum denomination of $100,000 and additional increments of $1,000 above $100,000.

The principal of and the interest and any redemption premium on the Commercial Paper Notes shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of and any redemption premium on each Commercial Paper Note shall be payable to the registered owner thereof or his or her registered assigns or legal representative at the office of the Issuing and Paying Agent upon the presentation and surrender thereof as the same shall become due and payable. Payment of the interest on each Commercial Paper Note shall be made by the Issuing and Paying Agent on each interest payment date to the person appearing (hereafter provided) on the registration books of the Issuing and Paying Agent as the registered owner of such Commercial Paper Note (or the previous note or notes evidencing the same debt as that evidenced by such Commercial Paper) at the close of business on the record date for such interest, which, unless otherwise determined pursuant to the delegation of authority contained in this resolution, shall be the Original Maturity Date, Extended Maturity Date or redemption date, by check mailed or by wire transfer to such person at such person's address as it appears on such registration books.

The Depository Trust Company, New York, New York ("DTC"), is hereby appointed as the initial Securities Depository for the Commercial Paper Notes, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of each series of the Commercial Paper Notes. The Commercial Paper Notes initially issued will be in fully registered form and registered in the name of Cede & Co., a nominee of DTC, and immobilized in the custody of DTC and are to be initially evidenced by the Master Note, one with respect to the Tax-Exempt Commercial Paper Notes and one with respect to the Taxable Commercial Paper Notes, in substantially the forms attached to the Issuing and Paying Agency Agreement as Exhibits B thereto. Individual purchases of Commercial Paper Notes may be made in book-entry form only in original principal amounts of $100,000 and additional increments of $1,000 above $100,000. Payments of the principal of and premium, if any, and interest on the Commercial Paper Notes will be made to DTC or its nominee as registered owner of the Commercial Paper Notes on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the Commercial Paper Notes, references in this resolution to the holders of the Commercial Paper Notes mean Cede & Co. and do not mean the beneficial owners of the Commercial Paper Notes.

Replacement notes (the "Replacement Notes"), in substantially the form attached to the Issuing and Paying Agency Agreements as Exhibit H thereto, will be issued directly to beneficial owners of Commercial Paper Notes rather than to DTC, or its nominee, but only in the event that:

(1) DTC determines not to continue to act as securities depository for the Commercial Paper Notes;

(2) the District has advised DTC of its determination that DTC is incapable of discharging its duties; or

(3) the District has determined that it is in the best interests of the beneficial owners of the Commercial Paper Notes not to continue the book-entry system of transfer.

Upon occurrence of the events described in clause (1) or (2), the District will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the District fails to select another qualified securities depository to replace DTC, the District will execute and the Issuing and Paying Agents will authenticate and deliver to the participants in DTC ("Participants") the Replacement Notes to which the Participants are entitled. In the event the District makes the determination described in clause (2) or (3) (the District undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the District to make any such determination) and, in the case of the determination under clause (2), the District has failed to designate another qualified securities depository and has made provisions to notify the beneficial owners of the Replacement Notes by mailing an appropriate notice to DTC, the District will execute and the Issuing and Paying Agents will authenticate and deliver to the Participants the appropriate Replacement Notes to which the Participants are entitled. The Issuing and Paying Agents are entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Notes.

Section 3. Appointments. The Commission hereby appoints The Bank of New York Mellon Trust Company, N.A., to serve as the initial Issuing and Paying Agent for each series of the Commercial Paper Notes and J.P. Morgan Securities LLC as the initial Dealer for each series of the Commercial Paper Notes. The Commission may replace the Issuing and Paying Agent for either series of the Commercial Paper Notes in accordance with the provisions of the Issuing and Paying Agency Agreements and the Dealer for either series of the Commercial Paper Notes in accordance with the provisions of the Dealer Agreement.

Section 4. Redemption. The Commercial Paper Notes shall not be subject to redemption at the option of the District prior to their respective Original Maturity Dates and shall be subject to redemption at the option of the District prior to their respective Extended Maturity Dates in accordance with the terms of the Issuing and Paying Agency Agreements.

Section 5. Application of Commercial Paper Note Proceeds. The proceeds of the Commercial Paper Notes shall be applied as determined by a Delegate consistent with this Resolution and each Issuance Request.

Section 6. Authorization of Basic Documents. The forms, terms and provisions of each Issuing and Paying Agency Agreement, Dealer Agreement, Commercial Paper Note and Master Note (collectively, the "Basic Documents") are hereby approved in all respects, and the Delegates, any one or more of whom may act, are hereby authorized and directed to execute and deliver the Basic Documents with respect to each series of Commercial Paper Notes in substantially the forms presented to this meeting, or as otherwise provided by this Resolution, together with such updates, changes, modifications and deletions as such Delegates, with the advice of counsel, may deem necessary or desirable; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the District.

Section 7. Repayment of Commercial Paper Notes; Subordinate Pledge of Net Revenues. The Commission hereby authorizes and directs the principal of and the interest on the Commercial Paper Notes to be paid with one or more of the following, as determined by any Delegate: (i) additional Commercial Paper Notes (with respect to principal of Commercial Paper Notes), (ii) the proceeds of bonds of the District issued as Senior Obligations under the Trust Agreement, (iii) draws on one or

more WIFIA Loans obtained by the District on a draw-down basis, (iv) the proceeds of grants received from DEQ or other governmental third parties, (v) the proceeds of commercial paper notes issued pursuant to one or more additional commercial paper note programs created by the District or other Subordinate Obligations of the District, and (vi) other District funds that may be available for such purpose.

The Commercial Paper Notes shall be issued as Subordinate Obligations. The Net Revenues are hereby pledged to secure the payment of the principal of and interest on the Commercial Paper Notes. The Commercial Paper Notes and such pledge of Net Revenues shall be expressly subordinate and junior to the Lien on Net Revenues created pursuant to the Trust Agreement in favor of Senior Obligations of the District, to the extent and in the manner set forth below:

In the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the District or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued; and such declaration has not been rescinded and annulled, or (c) any Event of Default under the Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

Section 8. Execution of Commercial Paper Notes. The forms of the Commercial Paper Notes are hereby approved in all respects, and the Chair or Vice Chair and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature, as provided in such form, and to deliver to the Issuing and Paying Agent for authentication on behalf of the District, the Commercial Paper Notes in definitive form for each series of the Commercial Paper Notes, with such updates, changes, modifications and deletions as they, with the advice of counsel, may deem necessary or desirable and consistent with this Resolution and the Issuing and Paying Agency Agreements; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the District.

Section 9. Authorization and Delivery of the Commercial Paper Notes. Upon their execution in the form and manner set forth in this Resolution, the Commercial Paper Notes of each series shall be deposited with the Issuing and Paying Agent for authentication, and the Issuing and Paying Agent is hereby authorized and directed to authenticate the Commercial Paper Notes from time to time in accordance with the Issuing and Paying Agency Agreements and each Issuance Request and, upon the due and valid execution of the Basic Documents, the Issuing and Paying Agent shall deliver such Commercial Paper Notes to or for the account of DTC, for the account of the Dealers, from time to time in accordance with, and subject to, the provisions of this Resolution, the Basic Documents and each Issuance Request.

Section 10. Offering Memorandum. The Offering Memorandum in the form presented at this meeting, with such updates, changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary or desirable, is hereby approved, and a Delegate is hereby authorized to approve the terms of and publish an Offering Memorandum in connection with the issuance of the Commercial Paper Notes. Each Delegate is authorized to provide the Dealers with a new Offering Memorandum or supplemented Offering Memorandum to reflect any subsequent events following the issuance of the Commercial Paper Notes, describing the Commercial Paper Notes and substantially in the same form as the Offering Memorandum presented to this meeting, together with such updates, changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary or appropriate; and the District hereby approves and authorizes the distribution and use of copies of the Offering Memorandum and the Basic Documents in connection with such sale from time to time of the Commercial Paper Notes.

Section 11. Further Actions. The Delegates, any one of whom may act, are each authorized and directed (without limitation except as may be expressly set forth herein) (i) to provide a direct pay letter of credit or other credit enhancement or liquidity support for either or both series of Commercial Paper Notes, provided that the provider of such facility has responded to a request from proposals for such services solicited by or on behalf of the District, (ii) to select a replacement for the initial Issuing and Paying Agents or Dealers, and (iii) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or desirable to effectuate the transactions contemplated by the Basic Documents, the Commercial Paper Notes, and the Offering Memorandum.

Section 12. Delegates' Certificate. Each Delegate may execute a certificate or certificates evidencing the determinations made or other actions carried out pursuant to the authority granted in this Resolution, and any such certificate shall be conclusive evidence of the actions or determinations as stated therein.

Section 13. Ratification of Prior Acts. The actions heretofore taken by the Delegates and any officers, agents or employees of the District in connection with the proposed issuance of the Commercial Paper Notes are hereby ratified.

Section 14. Sunset Provision. No Tax-Exempt Commercial Paper Notes may be issued pursuant to the authority provided by this Resolution more than eighteen (18) months after the initial Note Date for the Tax-Exempt Commercial Paper Notes.

Section 15. Rate Schedule. Incorporated herein the same as if set forth verbatim herein is the "Rate Schedule, Fiscal Year 2026" for the use of, and for the services and facilities furnished or to be furnished by, the wastewater disposal system or systems and the wastewater improvements, for which the Commercial Paper Notes are to be issued. Such schedule appears in full on the District's website, www.hrsd.com.

Section 16. Effective Date. This Resolution shall take effect immediately upon its passage.

[END OF RESOLUTION]

Adopted by the Hampton Roads Sanitation District Commission on May 26, 2026.

_____

Stephen C. Rodriguez, Chair

Resource: Steve de Mik

AGENDA ITEM 9. – May 26, 2026

Subject: Refunding Revenue Bonds Resolution

Recommended Action: Adopt a resolution authorizing the issuance and award of one or more series of Hampton Roads Sanitation District Wastewater Revenue Bonds.

Brief: In March 2026, staff briefed the Commission on its recommendation to establish two extendable commercial paper programs (ECP) - one taxable and one tax-exempt - with a combined authorization limit of $350 million to be outstanding at any time to provide short-term interim financing for a portion of HRSD's Capital Improvement Program.

ECP is a series of short-term notes typically issued with original maturities ranging from a few days up to 180 days. These short-term notes are "rolled over" at maturity, meaning the principal of such notes are repaid with proceeds from newly issued notes until the notes are refinanced with long-term debt, other interim financing, or with available funds.

If an issuer is unable to successfully remarket or "roll over" the notes at maturity (market access failure), the maturity automatically extends to a later date—typically no later than 270 days from the original issuance. This "extension" feature provides an issuer additional time to refinance or repay the obligation.

This following resolution provides authorization for HRSD to issue bonds to refinance maturing ECP. Additionally, because financial markets experience volatility, which may from time-to-time present HRSD with other favorable opportunities relating to its debt program, this resolution authorizes staff to act more quickly than the Commission can practicably authorize, since the Commission only meets once per calendar month.

The following documents are provided in Attachment B:

a. Eleventh Supplemental Trust Agreement
b. Bond Purchase Agreement
c. Official Statement
d. Escrow Deposit Agreement
e. Notice of Sale

This resolution has been reviewed by HRSD's bond counsel, Norton Rose Fulbright US LLP.

Hampton Roads Sanitation District
Resolution of
May 26, 2026

HAMPTON ROADS SANITATION DISTRICT COMMISSION

****

A RESOLUTION
AUTHORIZING THE ISSUANCE AND AWARD OF
ONE OR MORE SERIES OF
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS

Adopted May 26, 2026

RESOLUTION AUTHORIZING THE ISSUANCE AND AWARD OF ONE OR MORE SERIES OF HAMPTON ROADS SANITATION DISTRICT WASTEWATER REVENUE BONDS

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

WHEREAS, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Act"), the Commission is authorized and empowered:

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District;

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Act and pledged for their payment, for the purpose of paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission; and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system;

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

WHEREAS, the District has executed and delivered a Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as heretofore supplemented (the "Trust Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), to provide for the issuance of Bonds (as defined in the Trust Agreement) payable solely from the Net Revenues (as defined in the Trust Agreement) derived by the District from its Wastewater System (as defined in the Trust Agreement) and the money attributable to proceeds of the Bonds and the income from the investment thereof;

WHEREAS, the District has heretofore issued, and may hereinafter issue, Bonds in accordance with, and which remain outstanding under, the Trust Agreement and VRA Obligations (each as defined in the Trust Agreement, and collectively, "Senior Obligations");

WHEREAS, Section 704(e) of the Trust Agreement permits the District to issue, and has heretofore issued and may hereinafter issue, Subordinate Obligations (as defined in the Trust Agreement) without limitations, provided that such Subordinate Obligations shall provide that they

are subordinate and junior in right of payment to the prior payment in full of the Senior Obligations issued thereunder;

WHEREAS, the Commission meets approximately once per calendar month;

WHEREAS, the financial markets periodically experience volatility, which may from time to time present the District with opportunities or needs relating to its debt program that are in the District's best interests and that require the ability to act more quickly than the Commission can practicably meet;

WHEREAS, the Commission has determined to provide for the issuance under the Trust Agreement, at one or more times, of one or more series, on a taxable or tax-exempt basis, of Bonds of the District (the "Refunding Bonds"), for the purpose of providing funds, together with other available funds, to (i) to refund, refinance, or pay at or before maturity any or all Senior Obligations (including VRA Obligations, as defined herein) and any or all Subordinate Obligations (collectively, the "Refunding Candidates") and (ii) pay certain expenses incurred in connection with the issuance of the Refunding Bonds by the District;

WHEREAS, each series of Refunding Bonds will be issued pursuant to a Supplemental Trust Agreement (each, a "Supplemental Agreement"), between the District and the Trustee; and

WHEREAS, the Commission has determined that Refunding Bonds may be sold either through a negotiated underwriting with one or more investment banking firms selected by a Delegate (as defined below) in accordance with the provisions of Section 3 hereof (the investment banking firm or firms so selected, the "Underwriters") or in a competitive sale in accordance with Section 3;

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

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

Section 2. Authorization of Refunding Bonds. In order to provide funds required to (i) refund, refinance, or pay at or before maturity all or a portion of the Refunding Candidates and (ii) pay certain expenses incurred in connection with the Refunding Bonds by the District and pursuant to the authority granted to it by the Act, the Commission hereby authorizes the issuance at one or more times and in one or more series of Hampton Roads Sanitation District Wastewater Revenue Bonds, [Refunding] Series 202_ [_] [(Federally Taxable)] (the blanks to be completed with a number indicating the calendar year of issuance and a letter or number indicating the appropriate series), in an aggregate principal amount not in excess of the aggregate principal amount to be used to pay the principal amount of, premium, if any, and interest on the Refunding Candidates, through the earlier to occur of maturity or the redemption date thereof, refunded with such Refunding Bonds (and to pay the costs of issuing such Refunding Bonds), in each case, dated as of such date, maturing on such dates in such years not later than thirty-five (35) years from their date of issuance and in such principal amounts and bearing interest at such rates, on a federally taxable or tax-exempt basis, all as determined by the Chair of the Commission, the Vice Chair of

the Commission, the General Manager/Chief Executive Officer of the District and the Deputy General Manager/Chief Financial Officer of the District (each, a "Delegate"), any of whom may act, prior to the execution of the Bond Purchase Agreement (as defined in Section 3 below), or in the case of a competitive sale, prior to the acceptance of a bid relating to such series of Refunding Bonds and evidenced in the Bond Purchase Agreement or notification of award, as applicable, and the Supplemental Agreement relating to such series of Refunding Bonds.

The Commission hereby determines that the issuance of each series of the Refunding Bonds will be in the best interests of the District.

The Refunding Bonds shall be issued as fully registered bonds in denominations of $5,000 or any whole multiple thereof or in any other denominations determined by the Delegates. The Refunding Bonds shall be issuable in book-entry form as provided in the Trust Agreement. Payments of principal of, premium, if any, and interest on the Refunding Bonds shall be forwarded by the Bond Registrar to the registered owners of the Refunding Bonds in such manner as is set forth in the Trust Agreement.

Each series of Refunding Bonds will be authorized and issued in accordance with a Supplemental Agreement in substantially the form executed by the District in connection with the issuance of the District's Wastewater Revenue Bonds, Series 2024B, a copy of which supplemental agreement has been presented at the meeting of the Commission in which this Resolution was approved, with such changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary and appropriate.

Section 3. Method of Sale. (a) *Negotiated Sale Delegation.* Any series of Refunding Bonds may be sold by negotiated sale with one or more Underwriters. A Delegate, acting in consultation with PFM Financial Advisors LLC, Financial Advisor to the District (the "Financial Advisor"), is authorized to select such Underwriters. If a series of Refunding Bonds is to be sold in a negotiated sale, a Delegate is authorized to execute a Bond Purchase Agreement with respect to each such series of the Refunding Bonds in substantially the form executed by the District in connection with the issuance of the District's Wastewater Revenue Bonds, Series 2024B (the "Bond Purchase Agreement"), a copy of which has been presented at the meeting of the Commission in which this Resolution was approved, with such changes, updates, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary and appropriate, including.

(b) *Competitive Sale Delegation.* Any series of Refunding Bonds may be offered for sale through competitive bidding. If a series of Refunding Bonds is determined to be sold in a competitive sale, the Secretary of the Commission is hereby authorized, if authorized by a Delegate and recommended by the Financial Advisor to be beneficial for the sale of such series of Refunding Bonds, to cause one or more notices calling for bids for the purchase of the bonds, to be published. Each such notice of sale shall be substantially in the form of the notice of sale used in connection with the issuance of the District's Subordinate Wastewater Revenue Bonds, Series 2018A, with such changes, updates, modifications and deletions as a Delegate, with the advice of counsel, may deem necessary and appropriate (the "Notice of Sale"), a copy of which has been presented at this meeting. Alternatively, the Secretary may cause to be published a summary of the principal terms of the notices. Bids shall be received electronically via the BiDCOMP/Parity Competitive Bidding

System or similar electronic based competitive bidding system. The Commission delegates to a Delegate the authority to accept the lowest bid (determined in accordance with the Notice of Sale) for such series of Refunding Bonds subject to each of the following conditions: (i) a Delegate shall have determined that the bid conforms in all material respects to the requirements of the Notice of Sale, (ii) a Delegate shall have determined that the bid to be accepted is the lowest bid conforming to the terms of the Notice of Sale, (iii) the Financial Advisor to the District shall have recommended that the lowest conforming bid be accepted, and (iv) the Commission shall not then be in special session called for the purpose of accepting bids (the Commission not to be deemed in special session if less than a quorum is present and voting).

Section 4. Redemption. A Delegate is hereby authorized to determine the optional redemption and make-whole redemption provisions of each series of the Refunding Bonds, if any, as such Delegate, in consultation with the Financial Advisor, in writing, may deem advisable, and the Delegate may, with the advice of the Financial Advisor and counsel to the District, provide that such series of the Refunding Bonds (or any portion thereof) shall not be subject to optional or make-whole redemption before their respective maturities. A Delegate may further determine that any term Refunding Bonds shall be subject to mandatory sinking fund redemption at a redemption price and shall have such amortization requirements as determined by such Delegate. All such determinations by a Delegate shall be determined prior to, and evidenced by, the execution of the Bond Purchase Agreement or, in the case of a competitive sale, the acceptance of a bid to purchase, relating to such series of Refunding Bonds.

Section 5. Application of Bond Proceeds. The proceeds of each series of Refunding Bonds shall be applied as provided in the related Supplemental Agreement and any related Escrow Deposit Agreement (as defined below). A Delegate is authorized to execute one or more Escrow Deposit Agreements, each by and between the District and a national banking association or similar bank or trust company qualified to do business in the Commonwealth, in substantially the form executed by the District in connection with the issuance of the District's Subordinate Wastewater Revenue Bonds, Refunding Series 2019A (Federally Taxable) (the "Escrow Deposit Agreement"), a copy of which has been presented at the meeting of the Commission in which this Resolution was approved, with such changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary and appropriate.

Section 6. Authorization of Basic Documents. The forms, terms and provisions of each of the Supplemental Agreement, the Bond Purchase Agreement, the Notice of Sale, and the Escrow Deposit Agreement (collectively, the "Basic Documents") are hereby approved in all respects, and the District Representatives (hereinafter defined) are hereby authorized and directed to execute and deliver the Basic Documents with respect to each series of Refunding Bonds in substantially the forms presented to this meeting, or as otherwise provided by this Resolution, together with such changes, modifications and deletions as such District Representatives, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the District.

Section 7. Refunding Candidates. A Delegate is authorized to determine the Refunding Candidates to be refunded, refinanced or paid at or before maturity with the proceeds of any series of the Refunding Bonds (such Refunding Candidates selected to be refunded, refinanced or paid at or before maturity, the "Refunded Bonds") based on the following criterion: based on a

determination by the Financial Advisor, in writing, if any of the Refunding Candidates are to be refunded, the aggregate net present value debt service savings achieved as a result of refunding such Refunding Candidates with the proceeds of the Refunding Bonds shall be equal to at least three percent (3%) of the par amount of the Refunded Bonds; provided, however, that the Commission hereby determines that is will be in the best interests of the District to refund, refinance, or pay at or before maturity any such Refunding Candidates without meeting the foregoing criterion in the case that a Delegate, with the advice of the District's Financial Advisor, determines that (i) such criterion cannot reasonably be calculated (for example in the case of variable rate or balloon indebtedness) or (ii) it is otherwise in the District's best interests to refund, refinance, or pay at or before maturity such Refunding Candidate without regard to such criterion.

Section 8. Execution of Bonds. The form of the Refunding Bonds is to be similar to the form of bond set forth in the Supplemental Agreement and is hereby approved in all respects, and the Chair or Vice Chair and the Secretary or any Assistant Secretary of the Commission are hereby authorized and directed to execute, by manual or facsimile signature, as provided in such forms, and to deliver to the Bond Registrar for authentication on behalf of the District, the Refunding Bonds in definitive form for each series of the Refunding Bonds, with such changes, modifications and deletions as they, with the advice of counsel, may deem necessary, appropriate and consistent with the Trust Agreement and the related Supplemental Agreement; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the District.

Section 9. Authorization and Delivery of the Bonds. Upon their execution in the form and manner set forth in the Trust Agreement, the Refunding Bonds of each series shall be deposited with the Bond Registrar for authentication, and the Bond Registrar is hereby authorized and directed to authenticate such series of Refunding Bonds and, upon the due and valid execution of the Basic Documents, the Trustee shall cause the Bond Registrar to deliver such series of Refunding Bonds to or for the account of The Depository Trust Company, for the account of the Underwriters, in accordance with and subject to the provisions of Section 209 of the Trust Agreement.

Section 10. Official Statements. The form of the Preliminary Official Statement in substantially the form of the Official Statement executed by the District in connection with the issuance of the District's Wastewater Revenue Bonds, Series 2024B (the "Preliminary Official Statement"), a copy of which has been presented at the meeting of the Commission in which this Resolution was approved, with such updates, changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary and appropriate is hereby approved, and a Delegate is hereby authorized to approve the terms of and publish a Preliminary Official Statement with respect to each series of the Refunding Bonds, as updated to reflect any subsequent events if any series of Refunding Bonds is to be sold after the first series of Refunding Bonds, describing the Refunding Bonds and substantially in the same form as the Preliminary Official Statement presented to this meeting, and deem "final" such Preliminary Official Statement for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended; and a Delegate is hereby authorized to execute an official statement (the "Official Statement") with respect to each series of Refunding Bonds in substantially the form of the deemed "final" Preliminary Official Statement relating to such series of the Refunding Bonds, together with such changes, modifications and deletions as such Delegate, with the advice of counsel, may deem necessary or

appropriate; and the District hereby approves and authorizes the distribution and use of copies of the Official Statement and the Basic Documents in connection with such sale.

Section 11. District Representatives. Each of the Chair of the Commission, the Vice Chair of the Commission, the General Manager/Executive Officer and the Deputy General Manager/Chief Financial Officer of the District are hereby appointed a District Representative within the meaning of such term under the Trust Agreement, with full power to carry out the duties set forth therein. Any one or more of the District Representatives may act for and on behalf of the District.

Section 12. Securities Depository. The Depository Trust Company, is hereby appointed as the initial Securities Depository for the Refunding Bonds, with Cede & Co., a nominee thereof, being the initial Securities Depository Nominee and initial registered owner of each series of the Refunding Bonds.

Section 13. Further Actions. The Delegates and the District Representatives are each authorized and directed (without limitation except as may be expressly set forth herein) to take such action and to execute and deliver any such documents, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effectuate the transactions contemplated by the Basic Documents, the Trust Agreement, and the Official Statement. In addition, the Delegates and the District Representatives are each authorized to amend, supplement, or replace any Basic Documents, the Trust Agreement, or any other document or agreement hereinbefore or hereinafter entered into by the District in connection with any Senior Obligation, Subordinate Obligation or other Indebtedness (each as defined in the Trust Agreement) of the District.

Section 14. Delegates' Certificate. Each Delegate may execute a certificate or certificates evidencing the determinations made or other actions carried out pursuant to the authority granted in this Resolution, and any such certificate shall be conclusive evidence of the actions or determinations as stated therein.

Section 15. Ratification of Prior Acts. The actions heretofore taken by the District Representatives in connection with the proposed issuance of the Refunding Bonds are hereby ratified.

Section 16. Sunset Provision. No series of Refunding Bonds may be issued pursuant to the authority provided by this Resolution after June 30, 2027.

Section 17. Rate Schedule. In accordance with Section 22 of the Act, incorporated herein the same as if set forth verbatim herein is the current "Rate Schedule For all Wastewater and Associated Charges effective July 1, 2026" for the use of, and for the services and facilities furnished or to be furnished by, the wastewater disposal system or systems and the wastewater improvements, for which the 2026 Bonds are to be issued. Such schedule appears in full on the District's website, www.hrsd.com.

Section 18. Effective Date. This Resolution shall take effect immediately upon its passage.

[END OF RESOLUTION]

Adopted by the Hampton Roads Sanitation District Commission on May 26, 2026.

_____

Stephen C. Rodriguez, Chair

Resource: Steve de Mik

AGENDA ITEM 10. – May 26, 2026

Subject: Nansemond SWIFT Emerging Contaminants Project
Virginia Clean Water Revolving Loan Fund (VCWRLF) and Infrastructure Investment and Jobs Act (IIJA) Agreement

Recommended Action: Approve the principal forgiveness loan, not to exceed $15,031,209, for the purpose of providing funds to pay the costs of certain improvements for the Nansemond SWIFT Emerging Contaminants Project, and authorizing the execution of a funding agreement with the Virginia Resources Authority (VRA), as administrator of the Virginia Water Facilities Revolving Fund.

Agreement Description: The VCWRLF provides subsidized interest rates for local governments for projects that improve or prevent future water quality problems. VRA manages the loans and the Department of Environmental Quality (DEQ) administers the program and policy aspects of the fund on behalf of the State Water Control Board (SWCB). The clean water loan program has received Federal dollars from the IIJA, specifically funding projects that address emerging contaminant remediation. These funds must be granted in the form of a loan that provides 100% principal forgiveness.

DEQ and VRA have approved the ion exchange portion of the Nansemond SWIFT project to receive this IIJA funding. The scope of the covered work includes design, ion exchange vessels, and piping and pumping. The ion exchange system will result in PFAS removal from the SWIFT facility effluent.

The grant amount is a not-to-exceed amount of $15,031,209. This grant does not constitute a debt and HRSD is not required to repay the amount of the transaction unless HRSD materially fails to comply with the terms of the funding agreement.

The attached Funding Agreement was prepared by VRA and its legal counsel and reviewed by staff and Norton Rose Fulbright US LLP.

FUNDING AGREEMENT

dated as of _____ 1, 2026

BETWEEN

VIRGINIA RESOURCES AUTHORITY,

as Administrator of the
Virginia Water Facilities Revolving Fund

AND

HAMPTON ROADS SANITATION DISTRICT

Virginia Resources Authority
Virginia Water Facilities Revolving Fund

CFDA No. 66.458 – Capitalization Grants for Clean Water State Revolving Funds
Federal Award No. 4X-95306001, 4X-95324001, 4X-95347501, 4X-953A0241
U.S. Environmental Protection Agency

Funding No. C-515879BC

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EXHIBITS

Exhibit A. Project Description
Exhibit B. Project Budget
Exhibit C. Form of Requisition

FUNDING AGREEMENT

THIS FUNDING AGREEMENT is dated as of this first day of _____, 2026, between the **VIRGINIA RESOURCES AUTHORITY**, as administrator of the Virginia Water Facilities Revolving Fund, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), and the **HAMPTON ROADS SANITATION DISTRICT,** a political subdivision of the Commonwealth of Virginia (the "District"), acting by and through the **HAMPTON ROADS SANITATION DISTRICT COMMISSION**, the governing body of the Borrower (the "Commission")

Pursuant to Chapter 22, Title 62.1, Code of Virginia of 1950, as amended (the "Act"), the General Assembly created a fund known as the "Virginia Water Facilities Revolving Fund" (the "Fund"). In conjunction with the State Water Control Board (the "Board"), the Authority administers and manages the Fund. Following consultation with the Authority, the Board from time to time directs the distribution of monies to local governments in Virginia to finance the "costs" of "projects" within the meaning of Section 62.1-224 of the Act.

The District has requested funding from the Fund and has been approved by the Board to receive monies from the Fund. The District will use the monies from the Fund to provide funds for that portion of the Project Costs not being paid from other sources as set forth in the Project Budget.

ARTICLE I
DEFINITIONS

The capitalized terms contained in this Agreement shall have the meanings set forth below unless the context requires otherwise, and any capitalized terms not otherwise defined herein shall have the meaning assigned to such terms in the Act:

"Act" means Chapter 22, Title 62.1 of the Code of Virginia of 1950, as amended.

"Agreement" means this Funding Agreement between the Authority, as Administrator of the Fund, and the District, together with any amendments or supplements hereto.

"Authority" means the Virginia Resources Authority, as Administrator of the Fund, a public body corporate and a political subdivision of the Commonwealth of Virginia.

"Authorized Representative" means any member, official or employee of the District authorized by resolution, ordinance or other official act of the governing body of the District to perform the act or sign the document in question.

"Board" means the State Water Control Board.

"Consulting Engineer" means the engineer or the firm of independent consulting engineers of recognized standing and experienced in the field of sanitary engineering and registered to do business in the Commonwealth of Virginia, which is designated by the District

from time to time as the District's consulting engineer for the Project in a written notice to the Authority. Such individual or firm shall be subject to the reasonable approval of the Authority. Unless and until the Authority notifies the District otherwise, any of the District's employees that are licensed and registered as professional engineers in the Commonwealth of Virginia may serve as Consulting Engineer under this Agreement.

"Department" means the Department of Environmental Quality, created and acting under Chapter 11.1, Title 10.1, of the Code of Virginia of 1950, as amended.

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

"Enabling Act" means Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended by Chapter 584 of the Acts of Assembly of Virginia of 1962, Chapter 520 of the Acts of Assembly of Virginia of 1964, Chapter 112 of the Acts of Assembly of Virginia of 1974, Chapter 637 of the Acts of Assembly of Virginia of 1976, Chapter 271 of the Acts of Assembly of Virginia of 1977 [repealed], Chapter 30 of the Acts of Assembly of Virginia of 1987, Chapter 350 of the Acts of Assembly of Virginia of 1989, Chapter 153 of the Acts of Assembly of Virginia of 1990, Chapter 210 of the Acts of Assembly of Virginia of 1998, Chapter 120 of the Acts of Assembly of Virginia of 2004, Chapter 574 of the Acts of Assembly of Virginia of 2008, Chapter 724 of the Acts of Assembly of Virginia of 2012, Chapter 218 of the Acts of Assembly of Virginia of 2017, and Chapter 428 of the Acts of Assembly of Virginia of 2021 (Special Session I), and as such acts may be further amended from time to time.

"Fund" means the Virginia Water Facilities Revolving Fund.

"Project" means the particular project described in **Exhibit A** to be constructed, acquired or improved by the District with, among other monies, the funds, with such changes thereto as may be approved in writing by the Board and the Authority.

"Project Budget" means the budget for the Project, a copy of which is attached to this Agreement as **Exhibit B**, with such changes therein as may be approved in writing by the Board and the Authority.

"Project Costs" means the costs described in the Project Budget and such other costs permitted by the Act as may be approved in writing by the Board.

"Project Description" means the description of the Project to be undertaken using the funding made available under this Agreement, a copy of which is attached to this Agreement as **Exhibit A**, with such changes therein as may be approved in writing by the Board and the Authority.

"Transaction" means the funding of some or all of the District's Project, as described in **Exhibit A,** as provided in this Agreement.

ARTICLE II
SCOPE OF SERVICES

The District shall provide the services and work as set forth in the Project Description (**Exhibit A**) of this Agreement. All work shall be performed according to sound construction, engineering and architectural principles and commonly accepted safety standards.

ARTICLE III
TIME OF PERFORMANCE

The District's work on the Project commenced on or before the date hereof and will be completed on or before September 28, 2029.

ARTICLE IV
FUNDING; NATURE OF TRANSACTION

The District shall be reimbursed for the payment of Project Costs, in an amount not to exceed $15,031,209 for the purposes set forth in the Project Description and Project Budget. Disbursement of funds will be in accordance with the payment provisions set forth in Section 4.1 and the Project Budget.

The Board has authorized the Transaction as a "principal forgiveness loan." Notwithstanding anything to the contrary in this Funding Agreement, the Transaction shall not constitute a debt of the District, and the District is not required or obligated to repay the amount of the Transaction, except as provided in Section 4.3 in the case of District's failure to comply with the terms and conditions of this Funding Agreement, where the District may be required to return all or a portion of the amount funded hereunder.

Section 4.1. Application of Funding. The District agrees to apply the funds solely and exclusively to the payment, or the reimbursement of the District for the payment of Project Costs. After approval by the Department, the Authority shall disburse funds from the Fund to the District not more frequently than once each calendar month (unless otherwise agreed by the Authority, the Department and the District) upon receipt by the Authority of the following:

(a) A requisition approved by the Department (upon which the Authority shall rely), signed by the Authorized Representative and containing all receipts, vouchers, statements, invoices, reporting forms or other evidence of the actual payment of Project Costs or that the Project Costs have been incurred, and all other information called for by, and otherwise being in the form of, **Exhibit C** to this Agreement; and

(b) If any requisition includes an item for payment for labor or to contractors, builders or materialmen, a certificate, signed by the Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Project.

Upon receipt of each such requisition and accompanying certificate(s), document(s) and schedule(s), the Authority shall disburse the funds hereunder to the District in accordance with such requisition to the extent approved by the Department. The Department shall have no obligation to approve any requisition, and the Authority shall have no obligation to disburse any such funds, if the District is not in compliance with any of the terms of this Agreement.

Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the total funding amount to ensure satisfactory completion of the Project. Disbursements of proceeds shall also be held if the District does not timely provide a draft FSP and final FSP to the Department as set forth in Section 5.13(g) herein. Upon receipt from the District of the certificate specified in Section 4.2 and a final requisition detailing all retainages to which the District is then entitled, the Authority, to the extent approved by the Department, and subject to the provisions of this section and Section 4.2, will disburse to the District the remaining funds.

Section 4.2. Agreement to Accomplish Project. The District agrees to cause the Project to be acquired, constructed, expanded, renovated or equipped as described in **Exhibit A** and in accordance with plans and specifications prepared by the Consulting Engineer and approved by the Department. The District shall use its best efforts to complete the Project by the date set forth in Article III of this Agreement.

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

Section 4.3. Repayment of Transaction Amount. In the event of a material failure by the District to comply with the terms of this Agreement, the District may be obligated, upon an adverse determination by the Department, to repay all or a portion of any funding received pursuant to this Agreement.

ARTICLE V
GENERAL PROVISIONS

Section 5.1. Liability Insurance. The District shall take out and maintain or cause to be maintained during the life of this Agreement such general and bodily injury liability and property damage liability insurance as shall protect it from claims for damages for personal injury, including death, as well as from claims for property damage, which may arise from the District's activities under this Agreement.

To the extent permitted by law, the District shall indemnify and hold harmless the Authority, the Board, the Department, the Fund, and when applicable, its employees and designated representatives, from any and all claims, suits, actions, liabilities and costs of any kind, caused by or arising out of the performance by the District of its obligations pursuant to this Agreement. Nothing contained herein shall be deemed an express or implied waiver of the sovereign immunity of the Commonwealth or any entity thereof.

Section 5.2. Disclaimer. Nothing in this Agreement shall be construed as authority for either party to make commitments that will bind the other party beyond the covenants contained herein.

Section 5.3. Termination. (a) The Board, the Department or the Authority, on behalf of the Fund, may terminate this Agreement for any reason upon 30 days' written notice to the District. The District shall be paid for no service rendered or expense incurred after receipt of such notice except such fees and expenses incurred prior to the effective date of termination that are necessary for curtailment of its work under this Agreement.

(b) If any written or oral representation, warranty or other statement furnished or made by or on behalf of the District to the Board, the Department or the Authority in connection with this Agreement or the District's application for funding from the Fund is false or misleading in any material respect, the Authority shall have the right immediately to terminate this Agreement.

(c) In the event of a breach by the District of this Agreement, the Authority shall have the right immediately to terminate this Agreement. In the alternative, the Authority, the Board, or the Department may give written notice to the District specifying the manner in which this Agreement has been breached and providing the District 30 days within which to cure the breach. If such notice of breach is given and the District has not substantially corrected the breach within 30 days of receipt of the written notice, the Authority shall have the right to terminate this Agreement.

(d) In the event of a termination of this Agreement in accordance with paragraphs (b) or (c) of this Section 5.3, all documents and other materials related to the performance of this Agreement shall, at the option of the Authority, the Board, or the Department, become the property of the Authority, as Administrator of the Fund, and the District shall repay to the Authority, as Administrator of the Fund, all funding proceeds disbursed hereunder.

Section 5.4. Integration and Modification. This Agreement constitutes the entire Agreement between the District and the Authority with respect to the funding. No alteration, amendment or modification in the provisions of this Agreement shall be effective unless reduced to writing, signed by both the parties and attached hereto.

Section 5.5. Collateral Agreements. Where there exists any inconsistency between this Agreement and other provisions of collateral contractual agreements which are made a part of this Agreement by reference or otherwise, the provisions of this Agreement shall control.

Section 5.6. Non-Discrimination; Reporting Fraud; Whistleblower Protections. (a) In the performance of this Agreement, the District warrants that it will not discriminate against any employee, or other person, on account of race, color, sex, religious creed, ancestry, age, national origin, other non-job related factors or any basis prohibited by law. The District agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

The District shall, in all solicitations or advertisements for employees placed by or on behalf of the District, state that such District is an equal opportunity employer; however notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this Agreement.

The District shall include the provisions of the foregoing paragraphs of this section in every contract, subcontract or purchase order of over ten thousand dollars ($10,000), so that such provisions will be binding upon each contractor, subcontractor or vendor.

(b) In the performance of this Agreement, and in accordance with applicable federal law, the District warrants that it will promptly disclose whenever, in connection with this Agreement, it has credible evidence of the commission of a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code or a violation of the civil False Claims Act (31 U.S.C. §§ 3729-3733). The District agrees to make such disclosure in writing to the applicable federal agency, the agency's Office of Inspector General, and pass-through entity (if applicable). The District agrees to also report matters related to recipient integrity and performance as required under 2 CFR § 200.113. The District agrees to post in conspicuous places details on how to report such violations or otherwise establish a mechanism by which employees of the District may report such violations. The District further agrees to notify employees in writing of whistleblower rights and protections available under federal law.

Section 5.7. Applicable Laws. This Agreement shall be governed by the applicable laws of the Commonwealth of Virginia.

Section 5.8. Severability. Each paragraph and provision of this Agreement is severable from the entire Agreement; and if any provision is declared invalid, the remaining provisions shall nevertheless remain in effect, at the option of the Authority.

Section 5.9. Contingent Fee Warranty. The District warrants that it has not paid or agreed to pay any company or person any fee, commission, percentage, brokerage fee, gift, or any other consideration, contingent upon the award or making of this Agreement. For breach of the foregoing warranty, the Authority shall have the right to terminate this Agreement without liability, or, in its discretion, to deduct from the agreed fee, payment or consideration, or otherwise recover the full amount of such prohibited fee, commission, percentage, brokerage fee, gift, or contingent fee.

Section 5.10. Conflict of Interest. The District warrants that it has fully complied with the Virginia Conflict of Interest Act, Va. Code §§ 2.2-3100 et seq., as amended.

Section 5.11. Records Availability. The District agrees to maintain complete and accurate books and records of the Project Costs, and further, to retain all books, records, and other documents relative to this Agreement for five (5) years after final disbursement of funding proceeds, or until completion of an audit commenced by the Commonwealth of Virginia within the five (5) years after final disbursement of funding of proceeds. The Authority, the Board, the Department, the Fund, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period. Additionally, the Authority, the Fund, the Board, the Department and/or its representatives shall have the right to access worksites for the purpose of ensuring that the provisions of this Agreement are properly carried out and enforced.

Section 5.12. Ownership of Documents. Any reports, studies, photographs, negatives, or other documents prepared by the District in the performance of its obligations under this Agreement, at the option of the Authority, the Board, or the Department, shall be remitted to the Fund by the District upon completion, termination or cancellation of this Agreement. The District shall not use, willingly allow or cause to have such materials used for any purpose other than performance of the District's obligations under this Agreement without the prior written consent of the Authority.

Section 5.13. Governmental Requirements. (a) The District agrees to comply with all applicable governmental requirements pertaining to the Project and the use and application of funds provided hereunder, including but not limited to, the Virginia Sewage Collection and Treatment Regulations, 9 VAC 25-790 et seq., as amended, and the requirements and provisions identified in the Virginia Public Procurement Act, Va. Code §§ 2.2-4300 et seq., as amended, when procuring professional or construction services for work identified in this Agreement.

(b) In the event the District expends $1,000,000 or more in federal funds in any fiscal year, the District agrees to obtain an annual audit from an independent auditor in accordance with the provisions of the Single Audit Act of 1984, 31 U.S.C. §§ 7501 et seq., as amended, and the regulations promulgated thereunder, including Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards located at Title 2 of the Code of Federal Regulations Part 200 Subpart F ("SAA Audit"). The District shall furnish to the Authority and the Board copies of any SAA Audit immediately after it is accepted by the District, and in the event such SAA Audit contains financing and recommendations pertaining to the Fund, the District shall promptly inform the Authority and the Board when corrective actions have been implemented pursuant to such findings and recommendations.

(c) The District agrees to comply with the Davis-Bacon Act and related acts, as amended, with respect to the Project and require that all laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the District, as determined by the United States Secretary of Labor in accordance with Section 513 of the Federal Water Pollution Control Act, as amended.

(d) The District agrees to comply with all federal requirements imposed by the Infrastructure Investment and Jobs Act, P.L. 117-58 and related United States Environmental Protection Agency ("EPA") guidelines, as amended and supplemented and in effect from time to time, which the District understands includes, but is not limited to, the following requirements: that all of the iron and steel products, manufactured products, and construction materials used in the Project are to be produced in the United States unless (1) the District has requested and obtained an appropriate federal agency waiver pertaining to the Project or the Project is otherwise covered by a general applicability waiver; or (2) all of the contributing federal agencies have otherwise advised the District in writing that the foregoing requirements are not applicable to the Project. In the event that one of the above exceptions applies to the Project, the District agrees to comply with all federal requirements imposed by the Consolidated Appropriations Act, P.L. 113-76 and related EPA guidelines, as amended and supplemented and in effect from time to time, with respect to the Project, which the District understands includes, but is not limited to, the requirement that all iron and steel products used for the Project are to be produced in the United States.

(e) The District agrees to comply with all recordkeeping and reporting requirements under all applicable legal authorities, including any reports required by any contributing federal agencies or the Authority, such as performance indicators of program deliverables, information on costs and progress with respect to the Project. The District understands that (1) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (2) failure to comply with the applicable legal requirements and this Agreement may result in a default hereunder that results in a repayment of any funding received pursuant to this Agreement and/or other remedial actions.

(f) The District agrees to develop and implement a fiscal sustainability plan ("FSP") to the reasonable satisfaction of the Department that includes but is not limited to: (1) an inventory of critical assets that are part of the treatment works, (2) evaluation of the condition and performance of inventoried assets or asset groupings, (3) certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and (4) a plan for maintaining, repairing, funding, and as necessary, replacing the treatment works. Except as may otherwise be approved by the Department, disbursements shall be held at eighty percent (80%) of the maximum authorized amount of the funding hereunder until a draft FSP is submitted to the Department and at ninety-five percent (95%) of the maximum authorized amount of the funding hereunder until a final FSP is submitted and approved by the Department.

(g) The District agrees to comply with all federal requirements imposed by 2 C.F.R. § 200.216, implementing P.L. 115-232, Section 889, as amended and supplemented and in effect from time to time, with respect to the Project. Such requirements include, among other things, that the District is prohibited from obligating or expending the proceeds to procure or obtain; extend or renew a contract to procure or obtain; or enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use certain covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

(h) In addition to the various federal requirements set forth in other Sections of this Agreement, the District agrees to comply, and to require that all contractors, subcontractors, and other applicable parties for the Project comply, to the extent appropriate, with all other applicable federal laws, regulations, EPA guidelines, and other requirements, as amended and supplemented and in effect from time to time, relating to or arising out of or in connection with the Project and the funding thereof from federal financial assistance, including, but not limited to, requirements for the procurement of A/E services under Section 602(b)(14) of the Clean Water Act, Disadvantaged Business Enterprise requirements (40 CFR Part 33), Equal Employment Opportunity requirements (EO 11246), and Debarment and Suspension prohibitions (EO 12549).

Section 5.14. Notices. Unless otherwise provided for herein, all notices, approvals, consents, correspondence and other communications under this Agreement shall be in writing and shall be deemed delivered to the following:

Fund: Virginia Resources Authority
As Administrator of the Virginia
Water Facilities Revolving Fund
1111 East Main Street, Suite 1920
Richmond, Virginia 23219
Attention: Executive Director

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

Department
and Board: Virginia Department of Environmental Quality
State Water Control Board
Construction Assistance Program
P.O. Box 1105
Richmond, Virginia 23218
Attention: Executive Director

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

A duplicate copy of each notice, approval, consent, correspondence or other communications shall be given to each of the other parties named.

ARTICLE VI
COUNTERPARTS AND DIGITAL SIGNATURES

This Agreement may be manually or by way of a digital signature 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.

[Remainder of this page intentionally left blank]

WITNESS the following signatures, all duly authorized.

VIRGINIA RESOURCES AUTHORITY, as Administrator of the Virginia Water Facilities Revolving Fund

By:_____
Shawn B. Crumlish
Executive Director

HAMPTON ROADS SANITATION DISTRICT

By:_____
Steven G. de Mik
Deputy General Manager and Director of Finance

Exhibit A

PROJECT DESCRIPTION
HAMPTON ROADS SANITATION DISTRICT
C-515879BC

The Project includes financing the Nansemond SWIFT Emerging Contaminants Improvements, together with related expenses.

Exhibit B

PROJECT BUDGET
HAMPTON ROADS SANITATION DISTRICT
C-515879BC

Sources		
Virginia Water Facilities Revolving Fund: Principal Forgiveness Loan	$	15,031,209
TOTAL:	**$**	**15,031,209**

Uses		
Construction	$	14,744,209
Design		287,000
TOTAL:	**$**	**15,031,209**

Exhibit C

FORM OF REQUISITION
HAMPTON ROADS SANITATION DISTRICT
C-515879BC

[LETTERHEAD OF DISTRICT]

[Date]

Karen M. Doran, Program Manager
Construction Assistance Program
Department of Environmental Quality
P. O. Box 1105
Richmond, Virginia 23218

Re: Hampton Roads Sanitation District
Loan No. C-515879BC

Dear Ms. Doran:

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

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

The undersigned certifies that (a) the amounts requested by this requisition will be applied solely and exclusively to the payment, or to the reimbursement of the District for the payment, of Project Costs, and (b) any materials, supplies or equipment covered by this requisition are not subject to any lien or security interest or such lien or security interest will be released upon payment of this requisition. To the extent the District will not apply the amounts requested by this requisition to reimburse itself for the payment of Project Costs already paid, the District will spend such amounts on Project Costs within five banking days following the District's receipt of such amounts.

In addition, the undersigned certifies that the District has conducted adequate oversight for compliance with the Davis-Bacon Act and related acts through (a) the review of payrolls and associated certifications, and (b) the posting of all wage determinations and additional classifications (as appropriate) on the work site, and through this oversight, the District has determined to the best of its ability that the Project complies with the requirements of the Davis-Bacon Act and related acts. The District further certifies that all products included in this request (x) satisfy compliance with federal requirements imposed by the Infrastructure Investment and Jobs Act or (y) satisfy the appropriate requirements for iron and steel products included in the Agreements, as applicable.

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

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

By signing this requisition, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the Agreements. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).

Very truly yours,

By: _____

Its: _____

Attachments
cc: DEQ Regional Engineer (with all attachments)

CERTIFICATE OF THE CONSULTING ENGINEER
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT

This Certificate is being executed and delivered in connection with Requisition Number ___, dated _____, 20__, submitted by the Hampton Roads Sanitation District (the "District"), pursuant to the Funding Agreement, dated as of _____ 1, 2026 (the "Agreement"), between the Virginia Resources Authority, as Administrator of the Virginia Water Facilities Revolving Fund (the "Authority"), and the District. Capitalized terms used herein shall have the same meanings set forth in Article I of the Agreement.

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

_____
[Consulting Engineer]

By:_____

Date:_____

SCHEDULE 1
VIRGINIA WATER FACILITIES REVOLVING FUND
FORM TO ACCOMPANY REQUEST FOR DISBURSEMENT – FUNDING PROCEEDS

REQUISITION # _____
DISTRICT: HAMPTON ROADS SANITATION DISTRICT
FUNDING NUMBER: C-515879BC

CERTIFYING SIGNATURE: _____
TITLE: _____

Cost Category	Amount Budgeted	Previous Disbursements	Expenditures This Period	Total Expenditures to Date	Net Balance Remaining

Total Funding Amount $ _____
Previous Disbursements $ _____
This Request $ _____
Funding Proceeds Remaining $ _____

AGENDA ITEM 11. – May 26, 2026

Subject: James River Treatment Plant Digester and Thickening Building Heating Systems Replacements
Initial Appropriation – Non-Regulatory and Contract Award (>$200,000)

Recommended Actions:

a. Appropriate project funding in the amount of $300,000.

b. Award a contract to Whitman, Requardt & Associates, LLP in the amount of $212,805.

CIP Project: JR014500

Regulatory Requirement: None

Type of Procurement: Competitive Negotiation

A Public Notice was issued on January 21, 2026. Two firms submitted proposals on February 18, 2026, with both firms determined to be responsive and deemed fully qualified, responsible, and suitable to the Professional Services Selection Committee (Committee) and to the requirements in the Request for Proposals. The firms were short-listed, interviewed, and technically ranked as listed below:

Proposers	Technical Points	Recommended Selection Ranking
Whitman, Requardt & Associates, LLP	88.3	1
Rummel, Klepper & Kahl, LLP	86.4	2

The Committee recommends award to Whitman, Requardt & Associates, LLP, whose professional qualifications and proposed services best serve the interest of HRSD.

Project Description: This project will replace both boiler-heat exchanger systems used to heat the digesters and heat the thickening building. The new digester heating system will consist of a boiler to heat hot water and a heat exchanger for each digester to heat digested solids. It includes piping, recirculating pumps, valves, and controls. The heating system will be installed in a dedicated building with natural gas as a secondary fuel source. The new thickening building heating system will include a new boiler, replacement of the air handler, duct, and louvers, rerouting biogas fuel service piping, and natural gas piping for a secondary fuel source.

Project Justification: Both boiler heat-exchanger systems are beyond their useful life. The digester boiler-heat exchanger was installed in the early 1990s just outside the digester building as a quick fix to supply additional heat to both digesters. At that time, the 1960s boiler-heat exchanger inside the digester building could not supply enough heat to meet Class B regulatory requirements for digestion. As a single boiler-heat exchanger unit, the high temperatures needed to heat digested solids have taken a toll on the brickwork and solids tubes. With the boiler-heat exchanger outside, the elements have also contributed to degrading the heating system.

The thickening building heating system has been in service since the early 1980s and has gone through several refurbishments. The boiler's condition is beyond refurbishment. The air handler, duct, and louvers have been impacted by corrosion. There is no building heat. Portable units are used during extreme cold to keep pipes from freezing and provide some relief to employees working in the building.

Contract Description: The subject Contract is for Engineering Services to provide a Study. Once the Study is completed, HRSD and WRA will execute subsequent amendments for the remaining services contemplated in the solicitation, including services for PER, Design, Bid, Construction Administration, Field Engineering and Inspections, and Startup/Training. This initial scope of work will contemplate several alternative layouts for the digester heating system, taking into consideration operational reliability, Maintenance of Plant Operations (MOPO) during construction, and redundancy.

Funding Description and Analysis of Cost: The initial appropriation of $300,000 is based on the cost of the Study and a contingency of $87,195. The cost is based on the direct labor and sub-consultant effort required to produce a Study. The rates in the proposal are consistent with similar Consultant fee schedules.

Schedule:

Pre-Planning/Study	June 2026
PER	November 2026
Design	January 2027
Bid	January 2028
Construction	May 2028
Project Completion	August 2031

Resource: Jamie Mitchell

AGENDA ITEM 12. – May 26, 2026

Subject: Debarment of Virginia Pump and Motor Company, Inc.

Recommended Action: Approve the debarment of Virginia Pump and Motor Company, Inc. for a period of three years.

Brief: On February 18, 2026, Virginia Pump and Motor Company, Inc. (VPM), a vendor HRSD historically has done business with, was convicted of criminal charges of knowingly violating the Clean Water Act, 33 U.S.C. §§1319(c)(2)(A) and 1342(b)(8). According to publicly available court documents, on at least thirty different days, VPM violated discharge requirements under HRSD's pretreatment program by failing to discharge grease waste at designated locations; underreporting the amount of grease waste discharged in monthly reports; and failing to pay mandatory discharge fees. HRSD's hauled waste program relies on haulers to self-monitor and report accurate information. Inappropriately discharging grease is detrimental to the operations of the collection system (locality and HRSD) and sewage treatment facilities. As part of the VPM's plea agreement, restitution in the amount of $126,000 is to be paid to HRSD, and $100,000 is to be paid in support of a community service project.

As a result of VPM's actions, including the conviction and violation of the Clean Water Act and HRSD's pretreatment program, staff recommends the debarment of VPM and any successor entity. This debarment would prohibit them from directly contracting with HRSD or serving as a subcontractor on any HRSD contracts for a period of three years. This recommendation is made in accordance with the Virginia Public Procurement Act (VPPA) § 2.2-4321. Debarment and HRSD's Procurement Policy, Appendix C, Debarment.

The above recommendation has been reviewed by legal counsel and was provided to the Commission for review and comment at the April 28, 2026, meeting.

AGENDA ITEM 13. – May 26, 2026

Subject: High Priority Inflow and Infiltration Reduction Program
Locality Agreement with York County

Recommended Action: Approve the terms and conditions of the locality agreement with York County related to the High Priority Inflow and Infiltration Reduction Program and authorize the General Manager to execute same, substantially as presented, together with such changes, modifications and deletions as the General Manager may deem necessary.

CIP Project: GN020310

Regulatory Requirement: Integrated Plan - HPP1 (2030 Completion)

Program Description: The purpose of the High Priority Inflow and Infiltration Reduction Program (HPIIRP) is to reduce wet-weather Sanitary Sewer Overflow (SSO) volume by implementing cost-effective Inflow and Infiltration (I/I) reduction projects in priority basins to achieve compliance with the requirements of the approved Regional Wet Weather Management Plan (RWWMP). Work activities may be located on Locality or HRSD-owned assets, and/or private assets/property, and may include the upsizing of gravity pipelines. The currently proposed priority basins are located in James City County, York County, and the Cities of Portsmouth, Chesapeake, and Suffolk.

Program Justification: HRSD's RWWMP identified 19 high-priority basins where I/I reduction could be implemented to cost-effectively reduce model-simulated SSOs. Under the Interim Agreement, Burns and McDonnell Engineering Company (BMcD) performed data collection and analysis on the nineteen high-priority project areas and other alternate basins identified by localities as contributors to SSOs. As a result of this analysis, BMcD developed a Comprehensive Inflow and Infiltration Reduction Plan, which concluded that only three of the original 19 basins were cost-effective for I/I reduction projects, and ultimately identified seven alternate basins recommended for incorporation into the HPIIRP. The Comprehensive Agreement for the HPIIRP, approved by Commission in September 2025, includes the design and construction of the selected priority projects and post-construction flow monitoring and modeling to determine the resulting reduction in modeled SSO volume.

Agreement Description: This agreement between York County and HRSD is a supplement to the 2014 Memorandum of Agreement between HRSD and all of the RWWMP localities and is for the design and construction of improvements to sanitary sewer infrastructure in the identified priority basins located in York County. The work will include repairs and improvements targeting removal of inflow and infiltration sources.

HRSD's legal counsel, Sands Anderson PC, has prepared and reviewed the attached Agreement in coordination with counsel for York County.

Some key highlights of the Agreement are:

- York County will have the opportunity to review and comment on the draft PER and draft final plans and specifications provided by the Design-Builder, BMcD.

- HRSD, through the Design-Builder, will construct improvements in the identified basins in substantial conformance with the final plans and specifications.
- York County responsibilities under the agreement include coordination with locality projects, support with right of entry agreement and easements, participation in meetings, prompt review of permits and plans, prompt notification of public inquiries, observation of construction work, and participation during the processes for substantial completion, final completion, and warranty inspections of improvements.
- York County will own the locality system and all infrastructure related to the improvements and will be responsible for maintenance and operation prior to the commencement of construction of the improvements and after the infrastructure is placed back in service.
- HRSD will be responsible for all costs associated with the design and construction of the improvements

Schedule: Due to the iterative nature of this program and the continuing evaluation of the sewer system in the York County Service Area, the project schedule will depend upon the selection of cost-effective alternatives for SSO volume reduction. Currently, YORK 003 & YORK 006 basins have been prioritized, with design starting in June 2026, construction around August 2026 and project completion by December 2027.

Analysis of Cost: There is no cost associated with this Agreement, but HRSD will be responsible for all costs related to the design and construction of the improvements with York County as part of the HPIIRP and above-referenced CIP Project.

HIGH PRIORITY INFLOW AND INFILTRATION REDUCTION PROGRAM

LOCAL AGREEMENT WITH YORK COUNTY, VIRGINIA

This Agreement ("Agreement") is entered into on this _____ day of _____, 2026, by and among the Hampton Roads Sanitation District ("HRSD") and the County of York, Virginia (the "Locality") (each a "Party" and together the "Parties').

Recitals

WHEREAS, the Locality is within the territory of the "District" as defined in 1960 Acts of Assembly, c. 66, as amended (the "Act"), and HRSD provides wastewater transmission and treatment services in the Locality; and

WHEREAS, working closely with the U.S. Environmental Protection Agency, Virginia Department of Environmental Quality, and local communities, HRSD has embarked on an extensive program to reduce sanitary sewer overflows in the District; and

WHEREAS, a critical component of these efforts on behalf of the District and the Locality is the implementation of HRSD's High Priority Inflow and Infiltration Reduction Program (the "Program"), during which HRSD will conduct extensive efforts including studies, design, and construction on sewer systems in the District owned and operated by various localities, governmental authorities, and private property owners, including the Locality; and

WHEREAS, the Locality owns and operates a sanitary sewer collection system (the "Locality System") that collects sewage and delivers it to HRSD's "sewerage system," as defined in the Act, for conveyance and treatment; and

WHEREAS, to address regional wet weather sewer capacity requirements, HRSD and the Locality, along with other jurisdictions, have been involved in a process to develop and implement a Regional Wet Weather Management Plan ("RWWMP"); and

WHEREAS, as a result, a Memorandum of Agreement, attached and incorporated herein as Exhibit A (the "MOA"), was developed through a cooperative process with HRSD and 14 local governments, including the Locality; and

WHEREAS, HRSD selected the Public-Private Education Facilities and Infrastructure Act of 2002 (Virginia Code § 56-575.1. *et seq.*) (the "PPEA") as its method for developing and contracting for the implementation of the Program in furtherance of the RWWMP and the MOA; and

WHEREAS, following the review and analysis of proposals, HRSD selected Burns & McDonnell Engineering Company, Inc. (the "Design-Builder") for the planning, design, and construction of the Program; and

WHEREAS, HRSD entered into an interim agreement with the Design-Builder pursuant to Virginia Code § 56-575.9:1, which was approved by the Hampton Roads Sanitation District Commission (the "Commission") on August 27, 2024, and amended in March 2025 and June 2025 (collectively, the "Interim Agreement"); and

WHEREAS, HRSD and the Commission determined that the Program serves the public purpose of the PPEA under the criteria set forth in Virginia Code § 56-575.4(C); and

WHEREAS, on September 23, 2025 the Commission approved a comprehensive agreement with the Design-Builder pursuant to Virginia Code § 56-575.9 (the "Comprehensive Agreement"), which allows for the development and operation of phases and segments of the Program through HRSD's approval of specific projects and corresponding scopes of work (each a "Project Package," used herein as defined in the Comprehensive Agreement); and

WHEREAS, as part of the Interim Agreement, the Design-Builder produced a Comprehensive I/I Reduction Program Plan, which was incorporated into the Comprehensive Agreement and anticipates that work will be performed under Project Packages within the Locality, possibly including, but not limited to, engineering, planning and design, procurement of materials and equipment, construction, testing, and commissioning of all elements necessary to rehabilitate and replace portions of the Locality System; and

WHEREAS, HRSD expects Design-Builder to perform work in the Locality related to the Locality System; and

WHEREAS, the bonds, insurance, warranty, and guarantees required of the Design-Builder by the Comprehensive Agreement apply to the work to be performed on the Locality System; and

WHEREAS, HRSD and the Locality agree that it is consistent with the MOA and in the best interests of the Parties to have such improvements to the Locality System constructed and paid for by HRSD as part of its work with Design-Builder for the design and construction of the Program, under the terms and conditions of the Comprehensive Agreement, the MOA, and those set forth herein.

NOW, THEREFORE, in consideration of the above recitals, which are incorporated herein by reference, the agreements set forth below, HRSD's investment in the Program within the Locality and improvement of the Locality System, and other good and valuable

consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

I. SUPPLEMENTATION OF THE MOA. This Agreement supplements and clarifies the understanding of the Parties as to certain provisions of the MOA as they relate to the Program generally, and the Project Packages being constructed in the Locality, but does not replace the MOA in its entirety. Where there is a conflict between the terms of this Agreement and the MOA, the terms of this Agreement shall control.

II. DESIGN AND CONSTRUCTION OF IMPROVEMENTS. HRSD will design and construct improvements to sanitary sewer infrastructure in the Locality, including the Locality System, to be described in Project Packages approved by HRSD (such work being the "Improvements"). Each portion of the Locality System and associated real property necessary for completion of the Improvements is referred to herein as a "Site." The Parties agree that the Improvements will be designed and constructed pursuant to the Comprehensive Agreement and in accordance with the following:

A. Design of Improvements

1. HRSD and the Design-Builder will prepare Project Packages, including the Improvements, in accordance with the Comprehensive Agreement.

2. The Locality will have an opportunity to review and comment on the draft final preliminary engineering report ("PER") provided by the Design-Builder related to the Improvements proposed to the Locality System. The Locality shall promptly, but no later than fourteen (14) days after the PER is provided by HRSD (the "Initial Comment Period"), provide any comments or proposed revisions to the PER in writing to HRSD. The Parties agree that the Initial Comment Period is the Locality's opportunity to consult and coordinate in the preliminary and detailed design of the Improvements related to the following:
    a) The Design-Builder's preliminary project schedule, including projected timelines for work being performed on the Locality System.
    b) The list of applicable Hampton Roads Planning District Commission ("HRPDC") and HRSD design and construction standards, and identification of Locality-specific special provisions, amendments, modifications, or additional requirements that supersede or supplement the HRPDC standards for design and construction requirements (collectively referred to as "Special Provisions").

c) Locality requests contemplated by the MOA.

If no written comments are received from the Locality during the Initial Comment Period, the PER shall be considered approved by the Locality and HRSD and the Design-Builder will proceed with detailed design of the Improvements using the proposed scope of work and design and construction standards.

3. If no written comments are received from the Locality, or once the Locality's written comments are satisfied as mutually agreed by the Parties, HRSD and the Design-Builder will use the PER to prepare a set of draft final plans and specifications for the Improvements that will be governed by a Project Package (the "Draft Final Plans and Specifications").

4. Locality will have an opportunity to review and comment on the Draft Final Plans and Specifications provided by the Design-Builder related to the Improvements proposed to the Locality System. Locality shall promptly, but no later than fourteen (14) days after the Draft Final Plans and Specifications are provided by HRSD (the "Final Comment Period"), provide any comments or proposed revisions in writing to HRSD. If no written comments are received from the Locality during the Final Comment Period, the Draft Final Plans and Specifications shall be considered approved by the Locality and HRSD and the Design-Builder will proceed with completion of the detailed design of the Improvements using the PER and Draft Final Plans and Specifications.

5. If no written comments are received from the Locality, or once the Locality's written comments are satisfied as mutually agreed by the Parties, HRSD and the Design-Builder will use the Draft Final Plans and Specifications to prepare a set of final plans and specifications for the Improvements that will be governed by a Project Package (the "Final Plans and Specifications").

6. Locality will have an opportunity to review and approve any "or-equal" or product substitutions proposed by HRSD or Design-Builder for Improvements to the Locality System that vary from the design and construction standards identified in the PER. Locality shall promptly, but no later than fourteen (14) days after receiving notice of the proposed substitution, provide approval or other comments in writing to HRSD. If no written comments are received from the Locality within such fourteen (14) day period, the proposed substitutions will be considered approved and

HRSD and the Design-Builder will proceed with detailed design and construction of the Improvements using the proposed substitutions.

7. All Final Plans and Specifications shall comply with the PER unless otherwise approved by the Parties.

B. Construction of the Improvements.

1. HRSD and the Design-Builder shall be responsible for constructing the Improvements in substantial conformance with the Final Plans and Specifications.

2. The Locality will be included as an additional insured on the applicable policies of insurance required by the Comprehensive Agreement for each Project Package involving construction of Improvements to the Locality System.

3. HRSD and the Design-Builder shall be responsible for preparing, finalizing, and executing any and all front-end documents, construction contracts, architectural contracts, engineering contracts, drawings, surveys, bidding documents, bonds, insurance documents, construction plans, and all amendments, revisions and modifications thereto, relating to the construction of the Improvements (collectively, the "Project Documents").

4. The Parties understand and agree that construction of the Improvements, or any portion thereof, may be abandoned by HRSD if, in HRSD's sole discretion, the work is no longer expected to be cost-effective for the reduction of inflow and infiltration and sanitary sewer overflows. If a portion of the Improvements are abandoned during administration of a Project Package, HRSD will use commercially reasonable efforts to leave the Site and any areas of disturbance related to the Improvements in no worse condition than existed prior to commencing construction of the portion of the Improvements subject to abandonment, and any non-abandoned portion of the Improvements to the Locality System will remain subject to the substantial completion and final completion procedures identified in Section IV.I of this Agreement.

5. HRSD expects that the Design-Builder shall serve as the engineer and contractor for the construction of the Improvements. The Design-Builder, and any subcontractors or replacements therefore, shall meet all stated requirements associated with the Project Documents.

6. HRSD and the Design-Builder shall be responsible for all necessary permits and approvals necessary for the construction of the Improvements.

7. HRSD shall arrange and conduct regular progress meetings with the Locality during the construction of the Improvements.

8. HRSD will provide the Locality with notice of the following related to construction of the Improvements to the Locality System:
    a) The commencement of construction activities on a Site related to the Improvements.
    b) When a sewer segment is bypassed and when the segment is put back into service.
    c) When Improvements or a portion thereof will be abandoned as not cost-effective. Such notice will include the steps HRSD or the Design-Builder will take to comply with Section II.B.3 of this Agreement.
    d) Design-Builder's request for issuance of a certification of substantial completion for the Improvements.
    e) When a certification of substantial completion is issued by HRSD for the Improvements.
    f) Design-Builder's request for issuance of a certification of final completion for the Improvements.
    g) When a certification of final completion is issued by HRSD for the Improvements.

9. HRSD will require the Design-Builder to provide a performance and payment bond for the full amount of the construction of the Improvements.

10. HRSD will use commercially reasonable efforts to have the Design-Builder correct any defects and make any repairs covered by the Design-Builder's warranty of the Improvements or the Design-Builder's applicable policies of insurance that are reported to HRSD by the Locality within one (1) year of the substantial completion of the Improvements.

11. After the Improvements achieve final completion, HRSD will provide the Locality with the record drawings approved by HRSD. Such approved record drawings will be provided to the Locality within thirty (30) days of being received from the Design-Builder.

12. Upon request by the Locality, HRSD will provide other records and data produced by the Design-Builder during the construction of the Improvements to the Locality System: e.g., pre-construction condition assessment closed-circuit television (CCTV) videos and manhole inspection data, GIS map changes, and post-construction CCTV videos.

III. ACCESS TO THE SITE / RIGHT OF ENTRY

A. HRSD, the Design-Builder, and their authorized subcontractors and agents shall have a license for ingress and egress over the property and easements of the Locality whereon the Improvements are being made and any related infrastructure is located, as well as any other adjacent land owned by, under the control of, accessible by, or within an easement benefiting the Locality, as necessary to access, construct, and maintain the Site or the Improvements, including but not limited to all sewer service laterals and sewer clean-outs, for the purpose of inspecting and reviewing the same, and satisfying HRSD's obligations under this Agreement, the MOA, and the Comprehensive Agreement.

B. Within thirty (30) days of final execution of this Agreement, the Locality will provide HRSD and the Design-Builder with a letter or other written authorization for presentation to landowners and Locality personnel memorializing HRSD and the Design-Builder's ability to use the Site and the Locality's real property and easements to design and construct the Improvements. The Parties agree to execute such further documentation or instruments as are necessary to confirm, effect, and memorialize the right for HRSD, the Design-Builder, and their authorized subcontractors and agents to access the Locality System, the Site, and related real property and easements necessary to complete the Improvements.

IV. LOCALITY RESPONSIBILITIES.

In addition to the obligations described in the MOA and elsewhere in this Agreement, the Locality is responsible for the following to support the MOA, the RWWMP, the Program, and the Improvements:

A. Coordination with HRSD and the Design-Builder on all of the Locality's projects being conducted on, or in the area of, the infrastructure that is the subject of the Improvements.

B. Support and facilitation of HRSD's acquisition of any right-of-entry agreements or easements necessary for HRSD and Design-Builder to access and occupy private property to complete the Improvements.

C. Participation in predesign meetings with HRSD, the Design-Builder, and subcontractors prior to commencement of detailed design work on the Improvements.

D. Participation in preconstruction meetings with HRSD, the Design-Builder, and subcontractors prior to commencement of construction field work on the Improvements.

E. Prompt review and issuance of any administrative permits required by the Locality for construction of the Improvements. The Parties' expectation is that complete applications for permits related to the Improvements will receive action from the Locality within fourteen (14) days of submission or resubmission.

F. Prompt review, and approval when necessary, of traffic control plans related to the Improvements being performed on infrastructure located in or adjacent to rights-of-way. The Parties' expectation is that complete traffic control plans related to the Improvements will receive action from the Locality within fourteen (14) days of submission or resubmission, whether related to rights-of-way regulated by the Locality, the Virginia Department of Transportation, or others.

G. Prompt notification of any public inquires, complaints/311 calls, or claims received by the Locality related to construction of the Improvements, but in all cases within one (1) business day of the Locality's receipt.

H. Prompt communication of any concerns raised during observation of the construction work as it is being performed, but in all cases within twenty-four (24) hours after observation.

I. Participation in HRSD's process for certification of substantial completion and final completion for the Improvements to the Locality System. The Parties' expectation for prompt participation in these processes are as follows:
   1. Substantial Completion. Upon receiving notice from HRSD of Design-Builder's request for issuance of a certification of substantial completion for the Improvements, the Locality may inspect the Improvements or review relevant records (collectively "Review") to confirm that the Improvements are constructed and connected to the Locality System in substantial conformance with the Final Plans and Specifications. Within 10 days of HRSD's delivery of such notice and relevant post-construction inspection

records submitted by Design-Builder, the Locality will notify HRSD whether it elects to Review the Improvements. If the Locality elects to Review the Improvements, the Locality will either (i) provide written notice of satisfaction, or (ii) provide written comments identifying all corrections and modifications that the Locality deems necessary for the Improvements to substantially conform to the Final Plans and Specifications (the "Punch List"). If the Locality elects to Review the Improvements, it will promptly conduct the Review and provide the Punch List to HRSD, but in all instances within 10 days of HRSD's delivery of Design-Builder's request for issuance of a certification of substantial completion for the Improvements.

2. Final Completion. If the Locality provided HRSD with a Punch List, upon receiving notice from HRSD of Design-Builder's request for issuance of a certification of final completion for the Improvements, the Locality may Review the Improvements to confirm that the Punch List has been satisfied. Within 10 days of HRSD's delivery of such notice, the Locality will notify HRSD whether it elects to Review the Improvements. If the Locality elects to Review, the Locality will either (i) provide written notice of satisfaction, or (ii) provide written comments identifying all corrections and modifications that the Locality deems necessary for the Improvements to satisfy the Punch List. The Locality will promptly complete the Review, but in all instances within 10 days of HRSD's delivery of Design-Builder's request for issuance of a certification of final completion for the Improvements. The process in this paragraph IV(G)(2) will repeat until the Locality provides HRSD written notice of satisfaction which shall not be unreasonably withheld.

J. If desired by the Locality, performance of warranty CCTV inspections and delivery of any notice of defects within one (1) year of substantial completion of the Improvements to the Locality System.

V. PROJECT COSTS. HRSD shall be responsible for all costs associated with the design and construction of the Improvements, including but not limited to: engineering design costs; costs of preparing the Final Plans and Specifications, and any amendments thereto; cost of construction of the Improvements; costs of advertising for bids; costs of approval and permits required for construction of the Improvements; costs of construction contract administration and inspection by HRSD or its consultants or Design-Builder; costs of all change orders requested solely by HRSD; costs associated with all temporary or permanent easements and land acquisitions associated with the Improvements over third-party property;

costs of retiring any existing facilities replaced by the Improvements; and any related miscellaneous essential expenses.

VI. OWNERSHIP, OPERATION, AND MAINTENANCE OF THE LOCALITY SYSTEM AND THE IMPROVEMENTS.

A. At all times, Locality will own the Locality System and all infrastructure that is related to the Improvements being performed on the Locality System. The Locality hereby grants HRSD, Design-Builder, and their subcontractors and agents a license to access and use any Site to make the Improvements.

B. Prior to the commencement of construction of the Improvements or any portion thereof, the Locality shall have sole responsibility for maintenance and operation of the Locality System, including that portion that will be subject to work for the Improvements.

C. During construction of the Improvements, HRSD and the Locality agree to cooperate and coordinate for the operations and maintenance of the Improvements, as well as of any interconnections between Locality's existing facilities and the Improvements; however, the Locality will have responsibility for the maintenance and operation of any sewer segments within the Locality System rehabilitated as part of the Improvements upon such segments being placed back into service.

D. Upon HRSD's confirmation of substantial completion of the Improvements in coordination with the Locality, the operation and maintenance of the Improvements and all related components of the Locality System are automatically the responsibility of the Locality.

VII. GENERAL PROVISIONS

A. Notices:

1. All notices related to the Initial Comment Period, Final Comment Period, and the design and construction of the Improvements, including as identified in Sections II and IV, and VI shall be deemed effective when delivered by hand-delivery or electronic mail to the following individuals (each a "Program Representative"), unless notice of a new Program Representative is provided in accordance with Section VII(A)(2):

   HRSD's Program Representative:
   Beatriz E. Patino,

HRSD Project Manager
bpatino@hrsd.com
2389 G. Avenue, Newport News, VA 23602

With a copy to Design-Builder:
Burns and McDonnell Engineering Company Representative:
John J. Pruss
Program Manager
jjpruss@burnsmcd.com
1317 Executive Blvd. Ste 300. Chesapeake, VA 23320

Locality's Program Representative:
Travis C. Rhodes, P.E.
York County Chief of Utility Operations
Travis.Rhodes@yorkcounty.gov
105 Service Dr.
Yorktown, VA 23690

2. All notices relating to this Agreement, except those related to the Improvements to be delivered to a Party's Program Representative, shall be deemed effective when delivered by hand-delivery, electronic mail with confirmation of receipt, registered mail, or certified mail return receipt requested, postage prepaid, to the Locality and to HRSD at the respective addresses herein shown, unless this Agreement is modified in writing to reflect other addresses:

If to Locality:

York County
c/o York County Chief of Utility Operations
Travis C. Rhodes, P.E.
105 Service Dr.
Yorktown, VA 23690
Email: Travis.Rhodes@yorkcounty.gov

With copies to:

York County Attorney
224 Ballard Street
PO Box 532
Yorktown, VA 23690
Email: Richard.Hill@yorkcounty.gov

If to HRSD:

HRSD
c/o General Manager/CEO
PO Box 5911
Virginia Beach, VA 23471
Email: jbernas@hrsd.com

With Copies to:

HRSD Counsel:
Robyn Hansen, Esq.
Sands Anderson PC
4801 Courthouse Street, Suite 203
Williamsburg, VA 23188
Email: Rhansen@sandsanderson.com

B. Entire Agreement: This Agreement, and any exhibits or attachments made hereto, represent the full agreement and understanding of the Parties hereto relating to the Improvements, there being no additional agreements written, oral or otherwise. This Agreement may be amended only by a writing signed by both Parties.

C. Authority: The Locality and HRSD both warrant that they have permission and authority derived under their respective organizational documents and Enabling Acts to execute and undertake this Agreement and that all necessary resolutions and actions of their respective governing bodies to allow execution of this Agreement have been completed. This Agreement shall apply to, and be binding upon both Parties, their elected officials, officers, agents, employees, successors, and assigns.

D. Compliance with Law: Each Party warrants that, to the best of its knowledge, it has complied with all aspects of applicable federal, state, and local law in entering this Agreement and further warrants that it shall comply with all applicable federal, state, and local laws in the performance of this Agreement.

E. No Violation: The execution of this Agreement by the Parties will not violate any covenant, condition, or contract to which the Parties hereto are subject at the time of execution.

F. Insurance. Each Party has the right to review and approve insurance coverage in the various insurance categories that they deem necessary to be carried by the other Party to this Agreement. The Parties acknowledge that the Design-

Builder's insurance requirements are governed by the Comprehensive Agreement. Proof of insurance shall be provided at the request of a Party and the insurance coverage shall be maintained during the term of this Agreement.

G. Governing Law; Venue: This Agreement shall be governed as to all matters whether of validity, interpretations, obligations, performance or otherwise exclusively by the laws of the Commonwealth of Virginia, and all questions arising with respect thereto shall be determined in accordance with such laws without regard to conflict of laws principles. Regardless of where actually delivered and accepted, this Agreement shall be deemed to have been delivered and accepted by the Parties in the Commonwealth of Virginia. Venue shall be in the federal or state courts with jurisdiction in the City of Virginia Beach, Virginia.

H. Term of Agreement. The term of the Agreement will commence on the date the Agreement is entered into and be completed when each Party has completely performed its obligations hereunder.

I. Termination. This Agreement may be terminated by Locality or HRSD (i) with cause in the event that a Party materially breaches this Agreement and such breach is not cured within sixty (60) days of the defaulting Party's receipt of written notice of such breach from the non-defaulting Party; or (ii) by mutual written agreement of the Parties.

J. Enforcement: The failure of either Party to enforce the terms of this Agreement shall not be considered a waiver as to the enforceability of such terms. If any provision of this Agreement is found to be unenforceable, the remainder of this Agreement shall remain in full force and effect. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

K. Force Majeure: No Party shall be responsible for its failure to fulfill an obligation pursuant to this Agreement to the extent that such failure is due to acts of God; labor strikes; war or terrorism; epidemics/pandemics; fires; floods; the actions of a third party; lockouts; strikes, freight embargos, and unusually severe weather or delays of Design-Bulder or subcontractors due to such causes. A Party experiencing a force majeure event that prevents fulfillment of a material obligation hereunder shall (a) give the other Party prompt written notice

describing the particulars of the event within seven (7) days of the commencement of the event; (b) suspend performance only to the extent and for the duration that is reasonably required by the force majeure event; (c) use reasonable efforts to overcome or mitigate the effects of such occurrence; and (d) promptly resume performance of the affected obligation if and when such Party is able to do so.

L. Counterparts: This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any Party whose signature appears thereon, and all of which shall together constitute one and the same instrument.

M. Assignment. No Party may assign its rights under this Agreement without the prior written consent of the other Party.

N. No Third-Party Beneficiaries. This Agreement is only intended to address items between the Parties related to the MOA and the Improvements being constructed in the Locality. Any intent to create a third-party beneficiary is expressly disclaimed.

O. Binding Effect: This Agreement shall inure to the benefit of the Parties and shall, to the maximum extent permitted by law, be binding on the Parties and their successors and permitted assigns.

P. Reservation: Except as expressly provided herein, nothing in this Agreement shall be construed to limit or otherwise affect the authority, rights, or responsibilities of the Parties.

Q. Recitals. The Recitals above are incorporated into this Agreement as if fully set forth herein.

[*Signature pages follow*]

IN WITNESS WHEREOF, the County of York, Virginia has caused this Agreement to be signed as of _____, 20____:

COUNTY OF YORK, VIRGINIA

By:_____
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA,
CITY or COUNTY OF _____, to-wit:

The foregoing Agreement was acknowledged before me this_____ day of_____, 20__, by _____[Name], as _____[Title], of _____

_____
Notary Public

My commission expires:

Registration No.:

IN WITNESS WHEREOF, the Hampton Roads Sanitation District Commission has caused this AGREEMENT to be signed on its behalf by its General Manager/CEO in accordance with authorization granted at its regular meeting held on _____, _____.

HAMPTON ROADS SANITATION DISTRICT

By: _____
Jay Bernas, P.E., General Manager/CEO

COMMONWEALTH OF VIRGINIA
CITY OF VIRGINIA BEACH, to-wit:

The foregoing instrument was acknowledged before me this ____ day of _____, _____ by Jay Bernas, P.E., General Manager/CEO of Hampton Roads Sanitation District. He is personally known to me or provided _____ as identification.

_____
Notary Public

Notary#: _____
My Commission expires: _____

EXHIBIT
A

MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("Agreement") is entered into on this 10 day of ~~February~~ March, 2014, by and among the Hampton Roads Sanitation District ("HRSD"); and the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg; the Town of Smithfield; and the counties of Gloucester, Isle of Wight, and York; and the James City Service Authority (each a "Locality" and collectively, the "Localities").

WHEREAS, HRSD provides wastewater transmission and treatment services for the Localities;

WHEREAS, the Localities individually own and operate sanitary sewer collection systems, which collect sewage within their individual jurisdictional boundaries and deliver it to the HRSD sewer system for conveyance and treatment;

WHEREAS, to address regional wet weather sewer capacity requirements, on February 23, 2010, HRSD, the Virginia Department of Environmental Quality and the United States Environmental Protection Agency entered into a Federal Consent Decree;

WHEREAS, the Federal Consent Decree requires, among other things, that HRSD work in consultation with the Localities to develop a Regional Wet Weather Management Plan ("RWWMP") that will ensure adequate wet weather sewer capacity in HRSD's portion of the regional sewer system;

WHEREAS, on June 25, 2012, HRSD, the Localities (excluding Norfolk), and the Commonwealth of Virginia executed an Amendment to the September 26, 2007 Special Order By Consent that requires the Localities (excluding Norfolk) and HRSD to, among other things, develop a RWWMP identical to the plan called for in the Federal Consent Decree;

WHEREAS, on March 17, 2005, HRSD, Norfolk and the Commonwealth of Virginia executed a second phase to the December 17, 2001 Special Order by Consent (collectively, the "Norfolk/HRSD Consent Orders") that required HRSD and Norfolk, to among other things, address wet weather issues in the City of Norfolk with a Long Term Control Plan requiring a minimum annual investment in sewer infrastructure;

WHEREAS, pursuant to the Norfolk/HRSD Consent Orders, the City of Norfolk has made significant financial investments of over $100 million, though additional capacity-related investments in the Norfolk sewer system are expected as part of further implementation of the Norfolk/HRSD Consent Order (the "Norfolk/HRSD Consent Order Capacity Projects");

WHEREAS, substantial additional wet weather capacity-related investments in the Norfolk sewer system will still be required to achieve the regional wet weather management capacity requirements in the approved RWWMP (the "Norfolk System RWWMP Projects");

WHEREAS, during the ongoing planning for the RWWMP, HRSD and the Localities conducted a study to determine if HRSD ownership of the Localities' sewer systems would provide significant capital and operational cost savings to the region's ratepayers under the RWWMP;

WHEREAS, the regional study was completed in the summer of 2013 and estimated that HRSD ownership of the regional sewers could potentially save the overall region's ratepayers more than one billion dollars over a 30-year period in capital and operation/maintenance costs as compared to a scenario where HRSD and the Localities independently seek to address wet weather capacity needs, although the amount of savings varied significantly among the Localities;

Resource: Steve de Mik

AGENDA ITEM 14. – May 26, 2026

Subject: Onancock Omnibus Transfer, Service and License Agreement

Recommended Action: Approve the terms and conditions of the Omnibus agreement between HRSD and the Town of Onancock and authorize the General Manager to execute same, substantially as presented, together with such changes, modifications and deletions as the General Manager may deem necessary.

Brief: HRSD currently has two agreements with the Town of Onancock ("Town"): (1) the Ownership Transfer and Service Agreement for the Onancock Wastewater Treatment Plant, dated January 6, 2022, and (2) the Ownership Transfer and Service Agreement for the collection system, dated February 18, 2022.

Since the execution of these agreements, the Town has successfully conveyed the wastewater treatment plant to HRSD. HRSD now operates the facility as a regional wastewater treatment solution serving a portion of the Eastern Shore.

With respect to the collection system, the existing agreement requires that title to all real property associated with the pump stations be transferred to HRSD free and clear of any liens or encumbrances, and at no cost to HRSD, prior to HRSD assuming ownership. Since the execution of the agreement, the Town has experienced challenges in obtaining all required real property interests. As a result, HRSD's position has been that it will continue to operate the collection system under contract for the Town; however, until all real property matters are resolved and ownership is formally transferred, the collection system will remain the responsibility of the Town.

The purpose of the Omnibus Transfer, Service and License Agreement is to clarify the contractual terms and obligations of the parties, to clearly define treatment capacity allocations for the Town, and address ambiguities contained in the prior agreements. Staff believes the Omnibus Agreement preserves the original intent and commitments of the parties while providing a more effective and practical framework moving forward.

The Town Council approved the agreement on May 18, 2026.

HRSD's legal counsel, Sands Anderson, has reviewed the attached Agreement.

OMNIBUS TRANSFER, SERVICE, AND LICENSE AGREEMENT

This Omnibus Transfer, Service, and License Agreement (this "**Omnibus Agreement**") is by and between the Town of Onancock (the "**Town**") and Hampton Roads Sanitation District ("**HRSD**"), each a political subdivision of the Commonwealth of Virginia (collectively, the "**Parties**"). This Omnibus Agreement is effective the latest date of the signatures hereto (the "**Effective Date**").

RECITALS

R:1. The Parties entered into that *Ownership Transfer and Service Agreement with the Town of Onancock* dated July 1, 2021 and January 6, 2022, under which the Town conveyed to HRSD ownership of the Onancock Wastewater Treatment Plant (the "**Treatment Plant**"), which HRSD owns, operates, and maintains.

R:2. The Parties entered into that *Ownership Transfer and Service Agreement with the Town of Onancock—Collection System* dated February 18, 2022, under which the Town agreed to convey to HRSD ownership of the Town's wastewater collection and conveyance system (the "**Town's Original System**").

R:3. The Parties entered into that *License Agreement* dated April 7, 2022, under which the Town granted HRSD a license to make certain improvements. As of the Effective Date, HRSD has completed the demolition of a pump station designated as "Pump Station 5," replacement of the pump station designated as "Pump Station 5," construction and installation of five connections to the Town's Original System, and expansion of the Town's Original System (such additions and modifications, collectively, the "**HRSD-Modified System**").

R:4. As of the Effective Date, the Town owns the Town's Original System and HRSD owns the HRSD-Modified System, and HRSD operates both systems.

R:5. The Parties desire to consolidate the July 1, 2021 and the January 6, February 18, and April 7, 2022, agreements (collectively, the "**2022 Agreements**").

AGREEMENT

NOW THEREFORE, for and in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which each of the Parties hereby acknowledges, the Parties agree as follows:

1. Incorporation by Reference. The foregoing recitals are hereby incorporated by reference into this Omnibus Agreement as if fully set forth herein. Each recital is hereby acknowledged by each of the Parties as true and correct, and the rights and obligations described therein are binding upon the Parties.

2. Supersession and Replacement. This Omnibus Agreement supersedes and replaces the 2022 Agreements, and the rights and obligations of the Parties are governed exclusively by this Omnibus Agreement.

3. Composition of Town's Original System. The Town's Original System is the network of public pipes, manholes, pump stations, and other infrastructure and equipment used to collect and convey flow from private sewer laterals to interceptors or other main transmission pipes, namely:

(i) The following pump stations and related real property interests (collectively, the "**Pump Stations**"):

a. "Pump Station 1," located at 1 Mount Prospect Avenue, Onancock, Virginia, together with the fee simple interest to the real property upon which it is situated as shown on the plat attached hereto as Exhibit A-1;

b. "Pump Station 2," located at 11 Liberty Street, Onancock, Virginia, together with the fee simple interest to the real property upon which it is situated as shown on the plat attached hereto as Exhibit A-2, together with that easement described in the deed attached hereto as Exhibit B-2;

c. "Pump Station 4," located off Market Street and South Street, Onancock, Virginia, together with the fee simple interest to the real property upon which it is situated as shown on the plat attached hereto as Exhibit A-3, together with those easements described in the deed attached hereto as Exhibit B-3; and,

(ii) The pump station (the "**Pump Station 3**") described in paragraph 5(v) of this Omnibus Agreement; and,

(iii) The non-private wastewater collection and conveyance facilities shown on the diagram attached hereto as Exhibit C (each, a "**Facility**," and collectively, the "**Facilities**"), together with the easements, rights of way, and other real property interests through which the Facilities are situated (collectively, the "**Property Interests**").

(iv) The Parties agree that the pump station identified as "PS 6" in the 2022 Agreements is not a public pump station and is accordingly excluded from the Town's Original System and will not be conveyed to HRSD.

4. Access to and Maintenance of the Town's Original System. HRSD continues to have a license for access to operate and improve the Town's Original System, including designing, replacing, and otherwise installing meters for the Town's Original System. Until the Town's Original System is conveyed to HRSD, the Town may request that HRSD perform maintenance on the Town's Original System. HRSD will track the time spent and expenses paid for each maintenance request and charge the Town at its employees' and/or contractors' standard hourly

rate, which HRSD may adjust annually to reflect actual costs. HRSD will invoice the Town monthly, and the Town will reimburse HRSD within 60 days of receiving each invoice.

5. Conveyance of the Town's Original System. The Town will convey to HRSD the Town's Original System upon the conditions and using the procedures set forth below:

(i) HRSD will obtain a title commitment for each of the Pump Stations from Fidelity National Title Insurance Company or such other title insurer that HRSD may select and provide the Town copies of the title commitment together with written notice of all objections to liens or other encumbrances revealed therein. The Town will work diligently to remove those encumbrances at its sole cost.

(ii) At the time of conveyance to HRSD, the Town will have acquired and will own (a) each of the Pump Stations, (b) fee simple interest in the real property upon which each of the Pump Stations is situated, and if applicable, (c) any related easements identified in paragraph 3(i) above. Title to each of the Pump Stations will be marketable and insurable, free and clear of all liens or encumbrances that would or could, in the sole judgment of HRSD, have a materially adverse impact upon HRSD's use of the Pump Stations.

(iii) Any amendments to the Town's zoning ordinance with respect to any of the Pump Stations will comply with law, including Virginia Code § 15.2-2286(A)(7) (initiation by resolution of governing body or by motion of planning commission). At the time of conveyance to HRSD, each of the Pump Stations will have a zoning classification that permits, by right, the use of the property for HRSD's purposes.

(iv) For conveyance of each of the Pump Stations, the Town and HRSD will execute, or cause to be executed, and deliver to Sands Anderson PC those deeds attached hereto in Exhibit B-1 through Exhibit B-3 and all other documents reasonably requested by HRSD's title insurer.

(v) In addition to conveyance of the Pump Stations, the Town will convey to HRSD Pump Station 3 with either:

a. The fee simple interests to the real property upon which Pump Station 3 is situated as shown on that plat attached hereto as Exhibit D-1, together with all the Town's rights of ingress to and egress from Pump Station 3; or,

b. All the Town's rights and privileges to use, operate, maintain, and replace Pump Station 3.

If HRSD elects in writing to acquire Pump Station 3 as set forth in paragraph 5(v)(a) above, then (1) HRSD will obtain a title commitment as set forth in paragraph 5(i) above, (2) the Town will acquire and convey fee simple interests to the real property upon which Pump Station 3 is situated as set forth in paragraphs 5(i)-(ii) above, and (3) the Town and HRSD will execute, or cause to be executed, and deliver to Sands

Anderson PC the deed attached hereto as Exhibit D-2 and all other documents reasonably requested by HRSD's title insurer.

If HRSD elects in writing to acquire Pump Station 3 as set forth in paragraph 5(v)(b) above, the Town will convey Pump Station 3 and the Town's rights and privileges as set forth in paragraph 5(vi) below.

(vi) The Town represents and warrants that it owns the Facilities in fee simple and that it has the right, power, and authority to convey, assign, or otherwise transfer the Facilities and the Property Interests to HRSD with general warranty and English covenants of title.

(vii) After the Town conveys the Pump Stations to HRSD, for each Facility and its related Property Interests, the Town and HRSD will execute, or cause to be executed, and deliver to Sands Anderson PC appropriate transfer instruments. If the Town lacks the right, title, or power to convey any of the Property Interests (the "**Missing Interests**"), it will work diligently and in good faith to acquire them from the applicable landowner(s) for no consideration. If any of the Missing Interests must be purchased, then the Town may purchase them after (a) providing written notice to HRSD, and (b) receiving HRSD's written consent. HRSD will pay for all legal, surveying, and other costs reasonably required for the Town to complete each purchase. Upon receiving written notice of each purchase, HRSD will reimburse the Town for one-half of the purchase price. Once the Town has acquired all the Missing Interests, it will convey each Facility and its related Property Interests, including any Missing Interests, to HRSD as provided in this subparagraph.

(viii) The Town also agrees to convey, assign, or otherwise transfer to HRSD all easements, highway permits, and other rights related to installing, operating, maintaining, repairing, relocating, renewing, or accessing the Town's Original System that lies within public streets or public rights of way, together with all documents and information in the Town's possession related to the Town's Original System. The Parties agree to execute any further documentation or instruments as necessary to confirm, effectuate, and/or memorialize the conveyance and transfer of the Town's Original System from the Town to HRSD.

6. **HRSD Sewer Service Areas**. Upon conveyance of the Town's Original System to HRSD and its incorporation into HRSD's network, the Town's Original System and the HRSD-Modified System will be known as the "**HRSD System**." HRSD will (a) provide interceptor and sewer-treatment services to the areas identified in the diagram attached hereto as Exhibit E (the "**HRSD Sewer Service Areas**") under its standard practices and controlling law, (b) be responsible for and entitled to all rights and obligations associated with providing sewer service within the HRSD Sewer Service Areas, including installing, maintaining, operating, and repairing the HRSD System, and (c) take reasonable action to service the HRSD System as follows:

(i) Investigate failures or overflows related to the interceptor system facilities within two hours of notification and take corrective action as soon as practical thereafter;

(ii) Investigate failures or overflows related to the collection system facilities within four hours of notification and take corrective action as soon as practical thereafter; and,

(iii) Investigate odors related to the system within two days of notification and take remedial action as soon as practical thereafter.

7. Continued Use of Easements. The Town will continue to own, operate, maintain, repair, and replace all water-utility facilities in the Town. The Town may, at no additional cost to the Town, use the Property Interests that also convey water-utility rights to the Town to operate and maintain its existing water-utility facility. If the Town undertakes repair and/or replacement of those water-utility facilities, then it will submit to HRSD the Town's proposed plans for repair and/or replacement so that HRSD may determine whether they conflict with HRSD's sewer-related rights and purposes. HRSD, in its sole and absolute discretion, will determine the appropriate separation between water and sewer facilities within the Property Interests. The Town's use may not conflict or interfere with HRSD's operation or use of the Facilities or the sewer-related Property Interests.

8. Meters. HRSD will design and install a replacement meter for each account serviced by the Town's Original System. The Town will own each meter upon HRSD's installation and will be responsible, at its sole expense, for operating, maintaining, repairing, and replacing it. Upon HRSD sending a notice that any meter requires maintenance, repair, or replacement, the Town will take prompt action, at its expense, to perform such maintenance, repair, or replacement.

9. Billing. Until the Town conveys to HRSD all Pump Stations and HRSD acquires Pump Station 3 pursuant to paragraph 5(v), (a) HRSD will continue to bill the Town monthly for wastewater treatment services based on total treated flow, as measured by influent meter, in accordance with HRSD's *Town Wholesale Treatment Rate*, and (b) the Town will continue to bill its customers for wastewater services. After the Town conveys to HRSD all Pump Stations and HRSD acquires Pump Station 3 pursuant to paragraph 5(v), the Town's sewer customers will become HRSD customers and billed in accordance with the then-current HRSD *Rate Schedule* and applicable policies and an HRSD *Billing Services Agreement*, which the Parties will execute.

10. Relocation. The Town may request, and HRSD may, in its sole discretion, agree to relocate any portion of the HRSD System. If HRSD agrees, the Town will, at its sole cost, (a) acquire any necessary real property interests, (b) perform the relocation of the applicable Facilities or pump stations, and (c) construct or install any new facilities or pump stations requested by HRSD. The Town will complete all such work in accordance with HRSD standards.

11. Replacements and Expansion. "**System**" will mean (a) the Town's Original System and the HRSD-Modified System and any HRSD-approved additions, extensions, and/or modifications thereto, or (b) after the Town's conveyance to HRSD of the Town's Original System, the HRSD System and any HRSD-approved relocations thereof or additions, extensions, and/or modifications thereto. The Town will cooperate with and support HRSD:

(i) In planning, constructing, installing, or replacing any portion of the System that HRSD determines, in its sole and absolute discretion, is needed; and,

(ii) In the planning, construction, and installation of new facilities and/or pump stations ("**New Facilities**"), subject to the following:

a. The Town will notify HRSD in writing of any proposed increase in flow ("**New Flow**") that would result from the construction or installation of any New Facilities.

b. New Facilities may only be constructed or installed after HRSD's written approval.

c. HRSD's approval will not be unreasonably withheld if the New Facilities, when connected to the System, would not cause the System's average daily wastewater flow to exceed 215,100 gallons (the "**Capacity Allocation**"). HRSD may, in its sole and absolute discretion, approve or reject any New Facilities that, when connected to the System, would cause the System to exceed the Capacity Allocation.

d. After receiving HRSD's approval, New Facilities will be constructed or installed, at no cost to HRSD, in accordance with published HRSD standards.

e. No New Facilities may connect to the System without HRSD's prior acceptance and written approval. For the avoidance of doubt, HRSD will not own or operate low pressure force main collection systems.

f. Upon receiving HRSD's acceptance and written approval, the Town will acquire the New Facilities and their related property interests and, following the Town's acceptance and HRSD's written approval, may dedicate them to HRSD at no cost to HRSD.

g. The Town will establish any new accounts for any New Facilities. The process by which new connections and customers will be added to the HRSD Sewer Service Areas will be determined by the terms and conditions of an HRSD *Billing Services Agreement*, which the Parties will execute.

12. **Treatment Plant.** HRSD will continue to own, operate, maintain, repair, and/or replace the Treatment Plant in accordance with all applicable laws and regulations. The Town will not take any action that imposes unreasonable costs or restrictions on HRSD. HRSD will continue to operate and maintain the Treatment Plant so that it materially complies with all applicable regulatory standards. The Town may bill HRSD for water used by the Treatment Plant based on total water used, as measured by water meter, in accordance with the Town's published rates.

13. **Treatment Plant Expansion.** If HRSD determines, in its sole and absolute discretion, to expand the Treatment Plant, then the Town will cooperate with and support HRSD in acquiring real property interests and obtaining construction permits or approvals.

14. **Notices.** All notices under this Omnibus Agreement must be in writing, clearly stating on the envelope or the subject line of the email, "NOTICE UNDER OMNIBUS AGREEMENT," and addressed to the persons hereafter identified, and will be deemed to have been duly given on the date when (a) delivered by hand, (b) sent by certified mail, return receipt requested, postage prepaid, (c) delivered by recognized overnight courier service, or (d) if agreed upon in advance by the Parties, or if expressly acknowledged as being received by the recipient if not agreed upon in advance, by electronic mail:

To HRSD:	Hampton Roads Sanitation District Attn: General Manager 1434 Air Rail Avenue Virginia Beach, Virginia 23455 generalmanager@hrsd.com
With copy to:	Robyn Hansen, General Counsel Sands Anderson PC 4801 Courthouse Street, Suite 203 Williamsburg, Virginia 23188 rhansen@sandsanderson.com
To Town:	Town of Onancock Attn: Town Mayor 15 North Street Onancock, Virginia 23417 ffosque@onancock.com
With copy to:	Eric Gregory, Esq. Hefty, Wiley, & Gore 100 West Franklin Street, Suite 300 Richmond, Virginia 23220 eric@heftywiley.com

Either party may change its address by providing notice to the other.

15. **Third Party Services.** HRSD may, in its sole and absolute discretion, self-perform or contract for services to fulfill its obligations under this Omnibus Agreement.

16. **Force Majeure**. If either Party's performance under this Omnibus Agreement is delayed by fire, flood, earthquake, other acts of God, war, terrorism, quarantine restrictions, strikes, then that party's performance will be excused during the delay if it promptly gives written notice describing the force majeure event, its expected duration, and the steps being taken to remedy it. The affected party will use reasonable efforts to mitigate the effects of the event and to resume performance when it is able to do so.

17. **Enforcement.** Any party's failure to enforce any provision of this Omnibus Agreement will not constitute a waiver of such party's rights under this Omnibus Agreement. No

waiver of any provision of this Omnibus Agreement will be valid unless the same is in writing. Any written waiver given under this Omnibus Agreement will be interpreted narrowly and apply only to what is expressly stated in the waiver.

18. Right of First Refusal.

(i) If HRSD determines, under its *Disposition of Real Property Policy*, that any real property interest upon which any portion of the Town's Original System is situated is no longer needed for HRSD's purposes, HRSD will first offer to convey that interest to the Town at no cost before disposing of it in accordance with its policies and procedures.

(ii) If HRSD determines that any real property interest related to the Treatment Plant is no longer needed for HRSD's purposes, HRSD will first offer to convey that interest to the Town at its fair market value, as determined by an appraisal obtained by HRSD, before disposing of it in accordance with its policies and procedures.

(iii) The Town will accept all real property interests conveyed by HRSD pursuant to paragraph 18(i) and (ii) above in its "as-is, where-is" condition, without any modification, improvement, remediation, and/or restoration.

19. Partial Termination. HRSD's obligation to acquire, own, operate, maintain, repair, and/or replace the System may be terminated by a written agreement executed by both Parties; and the termination will become effective upon the last to occur of:

(i) One year from the date of the agreement;

(ii) The execution of a treatment agreement for HRSD to treat wastewater from the System;

(iii) HRSD's conveyance, for no consideration, of the System to the Town; and,

(iv) The Town's acceptance of the System together with the obligation to (i) operate, maintain, repair, and/or replace the System, and (ii) provide wastewater service to all customers connected to or benefitting from the System.

Nothing in this Omnibus Agreement will require HRSD to convey the Treatment Plant or any facilities outside the Town's corporate limits.

20. Survival. Each of the Parties' representations, warranties, and covenants set forth in this Omnibus Agreement will survive the conveyance of the Town's Original System and, if applicable, the HRSD-Modified System, the HRSD System, and/or the System.

21. Authority, No Violation, Binding Effect. Each of the Parties represents and warrants to the other that (a) it has the authority, under its charter, Enabling Act, or other controlling law, to execute and perform this Omnibus Agreement, (b) all required meetings have been held,

resolutions adopted, and any other actions taken to authorize its execution of this Omnibus Agreement, and (c) its execution of this Omnibus Agreement does not violate any covenant, condition or contract to which it is subject. This Omnibus Agreement will be binding upon each of the Parties and its officials, officers, agents, employees, successors, and assigns, to the extent permitted by law.

22. Governing Law and Venue. This Omnibus Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Virginia. The Parties hereby consent to the jurisdiction and venue of the Circuit Court of Henrico County, or the United States District Court for the Eastern District of Virginia, Richmond Division, in connection with any proceeding arising out of or relating to this Omnibus Agreement, and the Parties waive the right to bring any proceeding in any other jurisdiction or venue.

23. Assignment and Modification. This Omnibus Agreement may be assigned, in whole or in part, by HRSD. This Omnibus Agreement may not be modified except by a writing signed by the parties or their assigns or successors.

24. Counterparts. This Omnibus Agreement may be executed in any number of counterparts, each of which will be an original and all of which will constitute one and the same instrument. Facsimile or electronic signatures will be as effective and binding as original signatures.

[*Signatures on following pages*]

IN WITNESS WHEREOF, the Town has caused this Omnibus Agreement to be signed on its behalf by its duly authorized officers in accordance with authorization granted at its meeting held on _____, 2026.

TOWN:

Approved as to form:

_____
Town Attorney

Date:_____

Town of Onancock, Virginia

By:_____
Fletcher Fosque
Title: Mayor

Date:_____

IN WITNESS WHEREOF, the Hampton Roads Sanitation District Commission has caused this Omnibus Agreement to be signed on its behalf by its General Manager and CEO in accordance with authorization granted at its regular meeting held on _____, _____.

HRSD:

By:_____
Jay Bernas, General Manager and CEO

Date:_____

Exhibit A-1 through A-3

Pump Station Plats

Exhibit B-1 through B-3
Pump Station Deeds

Exhibit C

Diagram Depicting the Facilities

[To be prepared by HRSD]

Exhibit D-1 through D-2
Pump Station 3 Plat and Deed

Exhibit E
HRSD Sewer Service Areas

[To be prepared by HRSD]

AGENDA ITEM 15. – May 26, 2026

Subject: Tabb Pressure Reducing Station and Offline Storage Facility
Real Property –Dedication of a portion of property located at 900 Yorktown Road, York County, Virginia

Recommended Action: Approve the property conveyance and associated Deed of Gift for a portion of property located at 900 Yorktown Road in York County, Virginia (Parcel A – 416,861 square feet), and authorize the General Manager to execute same and related documents in accordance with those terms and conditions substantially as presented, together with such changes, modifications and deletions as the General Manager may deem necessary.

CIP Project: YR010900

Regulatory Requirement: Integrated Plan-HPP 1

Conveyance Details: This project will construct a new Pressure Reducing Station (PRS) and an Offline Storage Tank in the vicinity of Tabb High School in York County, Virginia. Staff determined the Tabb PRS and Offline Storage Facility project would eliminate the need for an on-site storage vessel at the James River Treatment Plant (JRTP). The facility will also provide flow equalization to both the York River (YTRP) and James River Treatment Plants (JRTP) and also provide system relief during wet weather events. As part of this project and in cooperation with York County, HRSD constructed a public trail system on the subject property and will gift a portion of the subject property (Parcel "A") to York County. HRSD will retain the remaining land shown as Parcel "B" (724,321 square feet) on the attached subdivision plat for completion of the new PRS. HRSD will not be responsible for maintaining any portion of the trail system, including those portions of the trail on Parcel "B".

Agreement/Deed Description: HRSD's legal counsel Kaufman & Canoles, P.C., prepared the Deed between HRSD and the County of York. The parcel locations and boundaries are depicted in the plat and map.

Analysis of Cost: There is no cost associated with this conveyance.

Prepared by and return to:
Conway H. Sheild, Esq.
Kaufman & Canoles, P.C.
11815 Fountain Way, Suite 400
Newport News, Virginia 23606
VSB #: 06893

GPIN No.: Portion of T04D-3932-0449
Title Underwriter: Unknown

PURSUANT TO THE PROVISIONS OF SECTION 58.1-810(D) OF THE CODE OF VIRIGINIA (1950), AS AMENDED, THIS DEED IS EXEMPT FROM RECORDATION TAX

THIS DEED OF GIFT is made this ___ day of _____, 2026, by and between **HAMPTON ROADS SANITATION DISTRICT,** a political subdivision of the Commonwealth of Virginia, Grantor, and **COUNTY OF YORK, VIRGINIA,** a political subdivision of the Commonwealth of Virginia, Grantee, whose mailing address is 224 Ballard Street, Yorktown, VA 23690.

WITNESSETH:

That for and in consideration of good and valuable consideration, the receipt of which is hereby acknowledged at and before the signing, sealing and delivery of this Deed, the said Grantor does hereby grant and convey with GENERAL WARRANTY and with ENGLISH COVENANTS OF TITLE unto the said Grantee to have and hold the following described property, to-wit:

> All that certain piece or parcel of land, situate, lying and being in the County of York, Virginia, shown and designated as PARCEL A, 416,861 SQ.FT./9.5698 ACRES, as shown on that certain plat entitled, "PLAT OF SUBDIVISION CREATING PARCELS A AND B, BEING PROPERTY OF HAMPTON ROADS SANITATION DISTRICT, INST. #200019010, GPIN: T04D-3932-0449, LOCATED IN GRAFTON DISTRICT, YORK COUNTY, VIRGINIA", made by Precision Measurements, Inc., dated March 20, 2026, and which plat is attached hereto and made a part hereof.
>
> Subject, however, to any and all restrictions and conditions, easements and rights of way of record affecting title to the property.

IT BEING a portion of the same property conveyed to the Grantor herein by Deed dated September 30, 2020 and recorded in the Clerk's Office of the Circuit Court for the County of York, Virginia as Instrument Number 200019010.

WITNESS the following signature and seal:

HAMPTON ROADS SANITATION DISTRICT

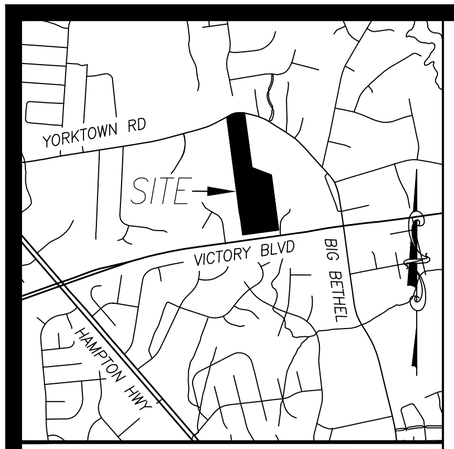
By_____

COMMONWEALTH OF VIRGINIA
COUNTY/CITY OF _____, to wit:

I, _____, a Notary Public in and for the City and State aforesaid, do certify that _____, the _____of Hampton Roads Sanitation District, whose name is signed to the foregoing Deed has acknowledged the same before me this _____ day of _____, 2026, in my City and State aforesaid.

My Comission expires: _____

_____
Notary Public (Reg. No. _____)



VICINITY MAP
SCALE 1" = 2,000

PARCEL AREA TABLE

PARCEL DESCRIPTION	SQ. FT.	ACRES
PARCEL A	416,861	9.5698
PARCEL B	724,321	16.6281
TOTAL AREA	1,141,182	26.1988

PLAT OF
SUBDIVISION
CREATING PARCELS A AND B
BEING
PROPERTY OF

HAMPTON ROADS SANITATION DISTRICT

INST. #200019010
GPIN: T04D-3932-0449
LOCATED IN
GRAFTON DISTRICT
YORK COUNTY, VIRGINIA

SCALE: 1"=100' DATE: MARCH 20, 2026

PRECISION MEASUREMENTS, INC.
SURVEYORS • GPS • 3-D SCANNING • GIS • MAPPERS
VIRGINIA BEACH-RICHMOND-NEWPORT NEWS-CHANTILLY, VIRGINIA
11835 CANON BLVD, SUITE B-103
NEWPORT NEWS, VIRGINIA 23606
TEL: (757) 595-7570

OWNERS CONSENT
THE PLATTING OF THE LAND HEREON SHOWN IS WITH THE FREE CONSENT AND IN ACCORDANCE WITH THE DESIRES OF THE UNDERSIGNED OWNERS, PROPRIETORS AND TRUSTEES, IF ANY

HAMPTON ROADS SANITATION DISTRICT

APPROVED:_____, DATE:_____
JAY BERNAS, P.E., MBA, GENERAL MANAGER, HRSD

NOTARY CERTIFICATION
STATE OF VIRGINIA
COUNTY OF YORK, TO WIT:

I,_____, A NOTARY PUBLIC, IN AND FOR THE CITY AND STATE AFORESAID, DO HEREBY CERTIFY THAT JAY BERNAS, WHOSE NAME IS SIGNED TO THE FOREGOING WRITING BEARING DATE ON THE _____DAY OF _____, 20_____ HAVE ACKNOWLEDGED THE SAME BEFORE ME IN MY CITY AND STATE AFORESAID.

GIVEN UNDER MY HAND THIS _____DAY OF _____, 20_____.
MY COMMISSION EXPIRES _____

_____ _____
NOTARY PUBLIC REGISTRATION NUMBER

SURVEY NOTES:

1. THIS PLAT IS BASED ON VIRGINIA STATE PLANE COORDINATE SYSTEM, SOUTH ZONE, NAD 1983(NA2011). COORDINATE VALUES SHOWN ARE EXPRESSED IN U.S. SURVEY FEET, UTILIZING YORK COUNTY CONTROL DISK 122.
2. PROPERTY ADDRESS: 900 YORKTOWN ROAD.
   TAX MAP: #030 170.
   ACCOUNT: #10014363
3. PROPERTY LINE AND RIGHT-OF-WAY INFORMATION IS BASED ON PLATS, DEEDS OF RECORD AND ACTUAL FIELD MEASUREMENTS.
4. THIS PLAT WAS PREPARED WITH THE BENEFIT OF A TITLE SEARCH AND REFLECTS ALL EASEMENTS OR RESTRICTIONS THAT AFFECT THE PROPERTY PER INFORMATION PROVIDED IN THE REPORT.
5. THIS PLAT IS NOT INTENDED TO SHOW ALL PHYSICAL IMPROVEMENTS, NOR ALL EASEMENTS, THAT MAY AFFECT THE PROPERTY.
6. THE TOTAL AREA ENCOMPASSED BY THIS PLAT OF SUBDIVISION CONTAINS 1,141,220 SQ. FT. OR 26.1988 ACRES.
7. THE PROPERTY SHOWN HEREON IS ZONED RR-LOW DENSITY-SINGLE FAMILY-FARMING, AND IS SUBJECT TO THE FOLLOWING DIMENSIONAL STANDARDS:
   MINIMUM LOT AREA 1 ACRE
   MINIMUM LOT WIDTH 150'
   MINIMUM FRONT BUILDING SETBACK 50'
   MINIMUM SIDE BUILDING SETBACK 20'
   MINIMUM REAR BUILDING SETBACK 50'
8. WETLANDS WERE DELINEATED BY OTHERS AND ARE SHOWN PER A TOPOGRAPHIC SURVEY PREPARED BY PRECISION MEASUREMENTS INC. JANUARY 2021.
9. THE AREA CONTAINED IN THIS PLAT OF SUBDIVISION IS NOT WITHIN THE CHESAPEAKE BAY RESOURCE PROTECTION AREA, THE RESOURCE MANAGEMENT AREA, NOR THE HARWOODS MILL WATERSHED PROTECTION AREA.
10. THE LIMITS OF NATURAL RESOURCES AS NOTED HEREON HAVE NOT BEEN FIELD VERIFIED. PRIOR TO ANY DEVELOPMENT OR LAND DISTURBANCE, A SITE SPECIFIC AND FIELD VERIFIED NATURAL RESOURCES INVENTORY IS REQUIRED TO ESTABLISH THE LIMITS OF THE CHESAPEAKE BAY PRESERVATION AREA.
11. THE PROPERTY SHOWN HEREON APPEARS TO BE LOCATED IN ZONE X ON FEMA MAPS 51199C0120D, 51199C0136D & 51199C0138D ALL DATED JANUARY 16, 2015.
12. THE LIMITS OF NATURAL RESOURCES ON THESE PROPERTIES HAVE NOT BEEN INVENTORIED. ALL FUTURE DEVELOPMENT MUST MEET THE REQUIREMENTS OUTLINED IN YORK COUNTY CODE CHAPTER 23.2-CHESAPEAKE BAY PRESERVATION AREA ORDINANCE, AND YORK COUNTY ZONING ORDINANCE SECTION 24.1-376-WATERSHED MANAGEMENT AND PROTECTION OVERLY DISTRICT.
13. SEE SHEET 2 & 3 FOR LINE LEGEND.

SURVEYOR'S CERTIFICATION:

TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL THE REQUIREMENTS AS SET FORTH IN THE SUBDIVISION ORDINANCE FOR APPROVAL OF PLATS OF SUBDIVISION IN THE COUNTY OF YORK, VIRGINIA, HAVE BEEN COMPLIED WITH, INCLUDING A CLOSURE OF NOT LESS THAT 1:20,000.

THIS IS TO CERTIFY THAT THE LAND EMBRACED IN THIS PLAT OF SUBDIVISION IS OWNED AS FOLLOWS:

GPIN T04D-3932-0449 IS IN THE NAME OF HAMPTON ROADS SANITATION DISTRICT, AND WAS ACQUIRED FROM HARRY RICHARD ASHE, BY DEED DATED SEPTEMBER 30, 2020 AND RECORDED NOVEMBER 4, 2020 IN THE CLERK'S OFFICE OF THE YORK-POQUOSON CIRCUIT COURT AS INSTRUMENT 200019010. REFERENCE P.B. 10 PG. 530.

I CERTIFY THAT THE PROPERTY CORNER MONUMENTATION AS SHOWN HAS BEEN SET BY THIS OFFICE.

_____ 03/20/2026
GARY C. THOMAS, L.S. NO. 001985 DATE

COMMONWEALTH OF VIRGINIA
GARY C. THOMAS
Lic. No. 001985
03-20-26
LAND SURVEYOR
PRELIMINARY

APPROVED

YORK COUNTY BOARD OF SUPERVISORS

BY: _____
PLAT APPROVING AGENT

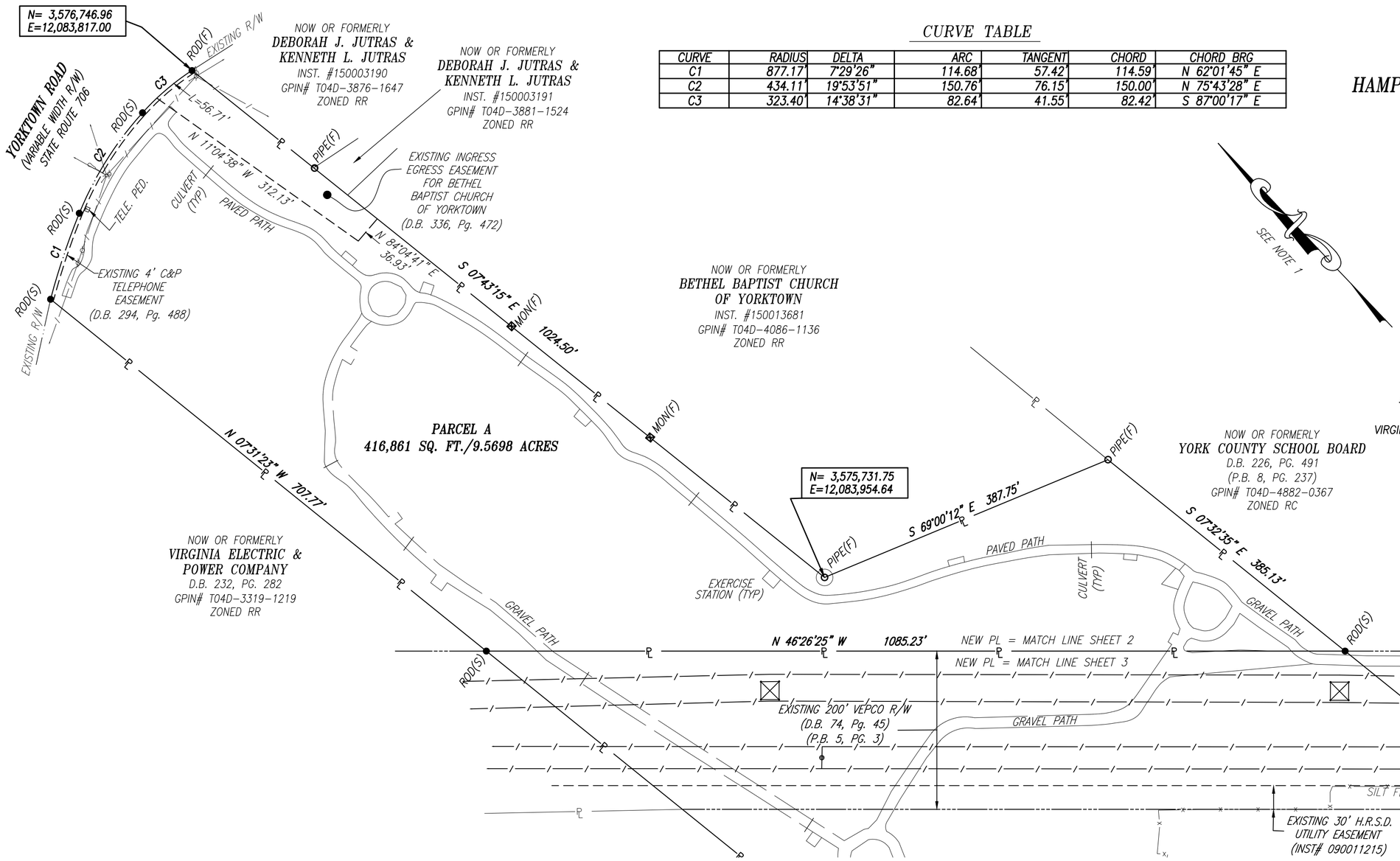
DATE: _____

STATE OF VIRGINIA:
COUNTY OF YORK
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT FOR THE THE COUNTY OF YORK-POQUOSON, ON THIS _____DAY OF _____, 2026, THIS PLAT WAS PRESENTED AND ADMITTED TO RECORD AS THE LAW DIRECTS, AS INSTRUMENT NUMBER

_____.

TESTE _____
CLERK

BY: _____
DEPUTY CLERK



CURVE TABLE

CURVE	RADIUS	DELTA	ARC	TANGENT	CHORD	CHORD BRG
C1	877.17'	7°29'26"	114.68'	57.42'	114.59'	N 62°01'45" E
C2	434.11'	19°53'51"	150.76'	76.15'	150.00'	N 75°43'28" E
C3	323.40'	14°38'31"	82.64'	41.55'	82.42'	S 87°00'17" E

PLAT OF
SUBDIVISION
CREATING PARCELS A AND B
BEING
PROPERTY OF

HAMPTON ROADS SANITATION DISTRICT

INST. #200019010
GPIN: T04D-3932-0449
LOCATED IN
GRAFTON DISTRICT
YORK COUNTY, VIRGINIA

SCALE: 1"=100' DATE: MARCH 20, 2026

(SHEET 2 OF 3)

PRECISION MEASUREMENTS, INC.
SURVEYORS GPS • 3-D SCANNING GIS MAPPERS
VIRGINIA BEACH-RICHMOND-NEWPORT NEWS-CHANTILLY, VIRGINIA
11835 CANON BLVD, SUITE B-103
NEWPORT NEWS, VIRGINIA 23606
TEL: (757) 595-7570

COMMONWEALTH OF VIRGINIA
GARY A. THOMAS
Lic. No. 001985
03-20-26
LAND SURVEYOR
PRELIMINARY

LINE LEGEND

- DENOTES VEPCO R/W
- DENOTES SUBJECT BOUNDARY
- DENOTES EXISTING R/W
- DENOTES ADJACENT PROPERTY LINE
- DENOTES DRAINAGE EASEMENT
- DENOTES WATER EASEMENT
- DENOTES VEPCO EASEMENT
- DENOTES OVERHEAD POWER LINE
- DENOTES H.R.S.D. EASEMENT

LEGEND

- DENOTES HIGH POWER LINE TOWER
- DENOTES HIGH POWER LINE POLES
- DENOTES UTILITY POLE
- DENOTES UTILITY POLE W/GUY WIRE
- DENOTES UTILITY POLE W/LIGHT

MONUMENTS LEGEND

●	ROD(S)	IRON ROD SET	UNLESS OTHERWISE NOTED
○	PIPE(F)	IRON PIPE FOUND	UNLESS OTHERWISE NOTED
⊠	MON(F)	MONUMENT FOUND	UNLESS OTHERWISE NOTED

0' 100' 200' 300'
GRAPHIC SCALE

APPROVED

YORK COUNTY BOARD OF SUPERVISORS

BY: _____
PLAT APPROVING AGENT

DATE: _____

STATE OF VIRGINIA:
COUNTY OF YORK
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT FOR THE THE COUNTY OF YORK-POQUOSON, ON THIS _____ DAY OF _____, 2026, THIS PLAT WAS PRESENTED AND ADMITTED TO RECORD AS THE LAW DIRECTS, AS INSTRUMENT NUMBER

_____.

TESTE _____
CLERK

BY: _____
DEPUTY CLERK

PAVED PATH

PIPE(F)

EXERCISE STATION (TYP)

CULVERT (TYP)

GRAVEL PATH

S 07°32'35" E 385.13'

ROD(S)

GRAVEL PATH

ROD(S)

N 46°26'25" W 1085.23'

NEW PL = MATCH LINE SHEET 2

NEW PL = MATCH LINE SHEET 3

EXISTING 200' VEPCO R/W
(D.B. 74, Pg. 45)
(P.B. 5, PG. 3)

GRAVEL PATH

N 07°32'35" W 641.26'

SILT FENCE

EXISTING 30' H.R.S.D.
UTILITY EASEMENT
(INST# 090011215)

NOW OR FORMERLY
YORK COUNTY SCHOOL BOARD
D.B. 226, PG. 491
(P.B. 8, PG. 237)
GPIN# T04D-4882-0367
ZONED RC

SEE NOTE 1

N 07°31'23" W 1056.48'

GRAVEL PATH

NOW OR FORMERLY
VICTORY ESTATES
HOMEOWNERS ASSOCIATION
INST. #070021281
INST. #060008850(PLAT)
GPIN# T04D-2761-0077
ZONED RR

SILT FENCE

AREA
UNDER CONSTRUCTION

EXISTING VARIABLE WIDTH
H.R.S.D. UTILITY EASEMENT
(INST# 090011453)

NOW OR FORMERLY
COUNTY OF YORK
D.B. 598, PG. 142
(D.B. 598, PG. 147 PLAT)
GPIN# T03B-4942-4721
ZONED RR

EXISTING VARIABLE WIDTH
H.R.S.D. UTILITY EASEMENT
(INST# 090011214)

ROD(S)

AREA
UNDER CONSTRUCTION

SILT FENCE

SILT FENCE

S 82°08'08" W 393.58'

EXISTING R/W

VICTORY BOULEVARD
(VARIABLE WIDTH R/W)
STATE ROUTE 171

PARCEL B
724,321 SQ. FT./ 16.6281 ACRES

N 10°04'21" W 179.12'

ROD(S)

N 07°18'26" W 123.62'

PIPE(F)

PIPE(F)

EXISTING 40' DRAINAGE &
UTILITY EASEMENT
(P.B. 10, Pg. 331)

NOW OR FORMERLY
MARVIN AND ROBIN HARVEY
REVOCABLE LIVING TRUST
INST# 160010871
(P.B. 10, PG. 331)
GPIN# T03B-3554-4879
ZONED RR

NOW OR FORMERLY
AARON J. HAYES &
BROOKE A. HAYES
INST# 150010931
(P.B. 10, PG. 331)
GPIN# T03B-3608-4712
ZONED RR

PIPE(F)

PIPE(F)

N 07°56'45" W 133.41'

S 82°10'29" W 129.87'

PIPE(F)

S 81°01'44" W 150.08'

MON(F)

MON(F)

NOW OR FORMERLY
SUSAN K. MILLER
WILL# 130011381
D.B. 524, PG. 473
(P.B. 10, PG. 331)
GPIN# T03B-3627-4549
ZONED RR

NORTH BOWMAN TERRACE
(50'R/W) (P.B. 10, PG. 331) ROUTE 1656

EXISTING 10' RESTRICTED
ACCESS EASEMENT
(P.B. 10, PG. 331)

LEGEND

- DENOTES HIGH POWER LINE TOWER
- DENOTES HIGH POWER LINE POLES
- DENOTES UTILITY POLE
- DENOTES UTILITY POLE W/GUY WIRE
- DENOTES UTILITY POLE W/LIGHT

LINE LEGEND

- DENOTES VEPCO R/W
- DENOTES SUBJECT BOUNDARY
- DENOTES EXISTING R/W
- DENOTES ADJACENT PROPERTY LINE
- DENOTES DRAINAGE EASEMENT
- DENOTES OVERHEAD POWER LINE
- DENOTES H.R.S.D. EASEMENT

MONUMENTS LEGEND

●	ROD(S)	IRON ROD SET	UNLESS OTHERWISE NOTED
○	PIPE(F)	IRON PIPE FOUND	UNLESS OTHERWISE NOTED
⊠	MON(F)	MONUMENT FOUND	UNLESS OTHERWISE NOTED

0' 100' 200' 300'

GRAPHIC SCALE

PLAT OF
SUBDIVISION
CREATING PARCELS A AND B
BEING
PROPERTY OF

HAMPTON ROADS SANITATION DISTRICT

INST. #200019010
GPIN: T04D-3932-0449
LOCATED IN
GRAFTON DISTRICT
YORK COUNTY, VIRGINIA

SCALE: 1"=100' DATE: MARCH 20, 2026

(SHEET 3 OF 3)

PRECISION MEASUREMENTS, INC.
SURVEYORS GPS • 3-D SCANNING GIS MAPPERS
VIRGINIA BEACH-RICHMOND-NEWPORT NEWS-CHANTILLY, VIRGINIA
11835 CANON BLVD, SUITE B-103
NEWPORT NEWS, VIRGINIA 23606
TEL: (757) 595-7570

COMMONWEALTH OF VIRGINIA
GARY A. THOMAS
Lic. No. 001985
03-20-26
LAND SURVEYOR

PRELIMINARY

APPROVED

YORK COUNTY BOARD OF SUPERVISORS

BY: _____
PLAT APPROVING AGENT

DATE: _____

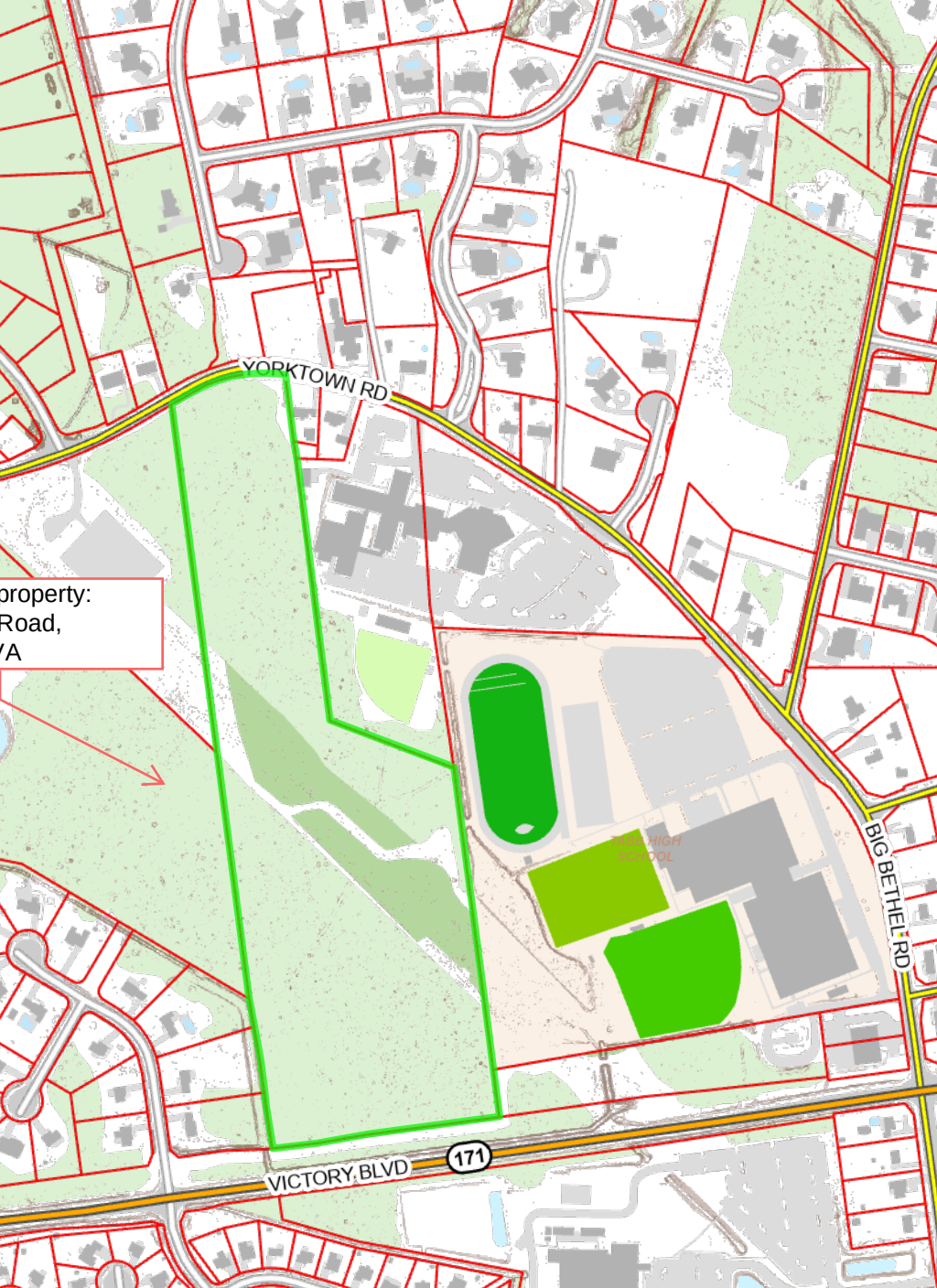
STATE OF VIRGINIA:
COUNTY OF YORK
IN THE CLERK'S OFFICE OF THE CIRCUIT COURT FOR THE THE COUNTY OF YORK-POQUOSON, ON THIS _____ DAY OF _____, 2026, THIS PLAT WAS PRESENTED AND ADMITTED TO RECORD AS THE LAW DIRECTS, AS INSTRUMENT NUMBER

_____.

TESTE _____
CLERK

BY: _____
DEPUTY CLERK

J.O. 19596 ACAD: PAC BLA.dwg


YORKTOWN RD
property:
Road,
/A
BIG BETHEL RD
VICTORY BLVD
171

Resource: Steve de Mik

AGENDA ITEM 16. – May 26, 2026

Subject: Operations & Nominations (O&N) Committee Appointment

Recommended Action: Chair to appoint an O&N Committee to recommend nominations for Chair and Vice-Chair of the Commission for the coming year.

Brief: The Commission is required by the Enabling Act to elect a chair and vice-chair each year. The election of officers is normally held in June, and the new officers assume their duties in July.

The Chair customarily appoints an O&N Committee to nominate Commission officers for the coming year. The Committee will also review the HRSD Commission Governance Guidelines, Remote Participation, Ethics and Freedom of Information Act (FOIA) policies.

The Committee will hold its first meeting in June.

Resource: Eddie Abisaab

AGENDA ITEM 17. – May 26, 2026

Subject: HRSD Pipeline Management Briefing

Recommended Action: No action is required.

Briefing: This briefing brings together operations, asset management, and engineering staff to provide an overview of HRSD's approach to pipeline management. The briefing will highlight the collaborative processes used to operate, maintain, inspect, and rehabilitate critical conveyance infrastructure across the regional system. Topics will include routine and preventive maintenance methods, pipeline condition assessment and inspection technologies, risk-based asset management strategies, and emergency failure response procedures used to minimize Sanitary Sewer Overflows (SSO) and collaborative methods to reduce spill volume when unpredictable SSO's occur.

Staff will provide a briefing during the meeting.

Resource: Steve de Mik

AGENDA ITEM 18. – May 26, 2026

Subject: New Business

Resource: Steve de Mik

AGENDA ITEM 19. – May 26, 2026

Subject: Unfinished Business

Resource: Commission Chair

AGENDA ITEM 20. – May 26. 2026

Subject: Commissioner Comments

Resource: Steve de Mik

AGENDA ITEM 21. – May 26, 2026

Subject: Informational Items

Recommended Action: No action is required.

Brief: The following items listed below are presented for information.

a. Management Reports

(1) General Manager

(2) Communications

(3) Engineering

(4) Finance

(5) Information Technology

(6) Operations

(7) Talent Management

(8) Water Quality

(9) Report of Internal Audit Activities

b. Strategic Measures Summary

c. Emergency Declarations

(1) Virginia Beach Blvd. - Military Highway 8-Inch Force Main – Emergency Repair

HRSD
Sustainable, Innovative Wastewater Treatment

Post Office Box 5911
Virginia Beach, VA 23471-0911
757.460.7003
hrsd.com

May 18, 2026

Re: General Manager's Report

Environmental Responsibility

Water Week in Washington DC was a huge success as leaders from around the country convened to collaborate on the nation's most pressing water issues. In addition, I participated in a number of discussions around affordability, data centers, and innovation. Also, I represented HRSD as the only utility invited to participate on an innovation panel with an Amazon executive at Xylem Innovation Labs Accelerator Symposium.

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

- For Fiscal Year (FY) 2026 to date, there have been nine Permit Exceedances out of 46,554 Total Possible Exceedances.

- Pounds of Pollutants Removed in FY 2026 to date: 142 million pounds.

Water Quality: No pretreatment penalties were issued in April.

Financial Stewardship

Staff closed on the $60 million Virginia Clean Water Revolving Loan Program approved at the April meeting at 2.35%. This saved our ratepayers $9 million in interest expense compared to market rates.

Revenues are tracking close to budget in-line with the water consumption trend year-to-date. Even as fuel prices continue to soar, we are not seeing a significant inflationary impact yet as expenses remain under control.

Talent

There are a number of examples in the Operations report where staff continue to focus on opportunities to reduce costs and keep rates low.

Human Resources led two hugely successful Operations-focused job fairs. There were 183 attendees, with 50% moving forward in the recruitment process.

Community Engagement

On April 23, I participated on a panel on innovation at the Tom Tom Festival in Charlottesville. This community festival is similar to SXSW in Austin, where they bring together music, art, food, technology, and entrepreneurship to celebrate creativity, innovation, and civic engagement.

Congresswoman Kiggans presented HRSD with a check for $750,000 for the three Onancock pump stations being transferred to HRSD as part of the Congressionally Directed Spending Program.

Innovation

On April 1, HRSD was highlighted in Innovate 757's State of Innovation Address. There were only five entities highlighted, so it was an honor, especially given the sold-out audience of leaders from around the region.

Staff held our first AI collaboration workshop with Aarhus Vand, the second largest utility in Denmark.

Veolia's CTO and business line leader met with staff to celebrate the fourth anniversary of our licensing agreement. Their technology, branded as zeeDENSE, combines our inDENSE hydrocyclone with their technologies. In just four years, this technology has had over 150 installations around the world. We are looking to potentially partner with them on additional technologies.

Staff met with Meta to collaborate on incorporating the agentic AI we're building with EAOS AI into their smart glasses. Meta recently opened their software platform to developers, and we're hoping to have working prototypes ready before Dr. Jeff Sparks presents at the Leading Utilities of the World AI workshop in Singapore this June. They confirmed that we will be the first in the water sector to be doing this.

I participated in two podcasts talking about SWIFT and HRSD's Innovations: Ferguson's The Flow of Innovation and The Fervent Four by Innovate 757. The links are below if you're interested:

- The Flow of Innovation
- The Fervent Four

I look forward to seeing you in Virginia Beach at 9:00 a.m. on Tuesday, May 26, 2026.

Respectfully submitted,

Jay Bernas

Jay Bernas, P.E.
General Manager/CEO

TO: General Manager

FROM: Chief Communications Officer

SUBJECT: Monthly Report for April 2026

DATE: May 12, 2026

A. Publicity and Promotion

1. HRSD and/or the Sustainable Water Initiative For Tomorrow (SWIFT) were mentioned or featured in 11 different stories this month. Topics included:

    a. Water digitalization trends on a global scale (Spanish language publication TecnoAqua)

    b. How HRSD transforms wastewater into a ground water source

    c. Announcement of Dr. Bott as Chair of the EPA Science Advisory Board (appeared in nine different publications)

    d. HRSD partnership with CREW Carbon (appeared in four publications)

    e. Kiggins' federal funding of Eastern Shore pump stations

    f. New James River Wastewater Line Celebrated in National Engineering Competition (appeared in two publications)

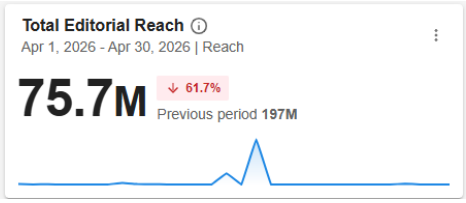
    g. Average water levels dropping in Virginia's Potomac Aquifer

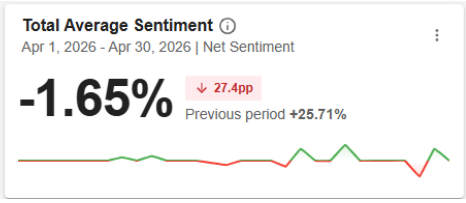
    h. Unlocking Virginia Beach's Hidden Water Reservoirs: A Geological Marvel

2. Analysis of Media Coverage

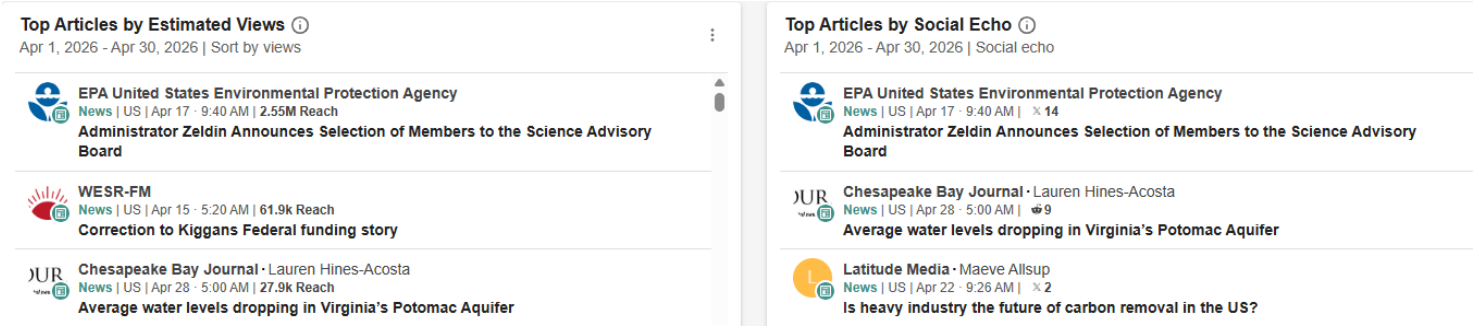
    a. Key results for April







    b. Top performing news content



c. Key Topics, key words and entities

AI Powered Clusters
Apr 1, 2026 - Apr 30, 2026 | Mentions

	Authors	Mentions
1	The new appointments come more than a year after the administration "reset" the board, dismissing the scientists who were on it.	5
2	Krishna Pagilla joins federal environmental science advisory board	2
3	Though Trump pardoned the majority of people who joined the mob at the Capitol that day, he opted only to commute the sentences of about a dozen ringleaders wh…	1
4	Virginia redistricting vote enters final stretch as early voting continues	1

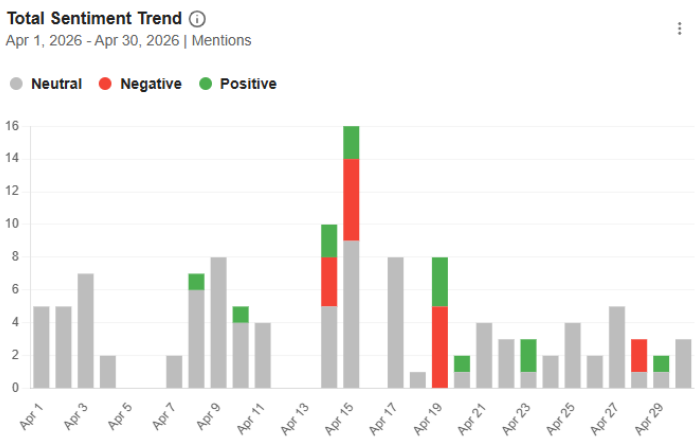
Top Keywords
Apr 1, 2026 - Apr 30, 2026 | Mentions

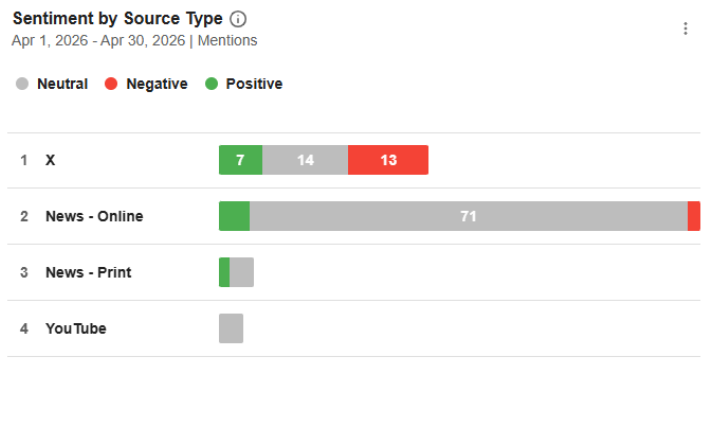


Key Topics
Apr 1, 2026 - Apr 30, 2026 | Mentions



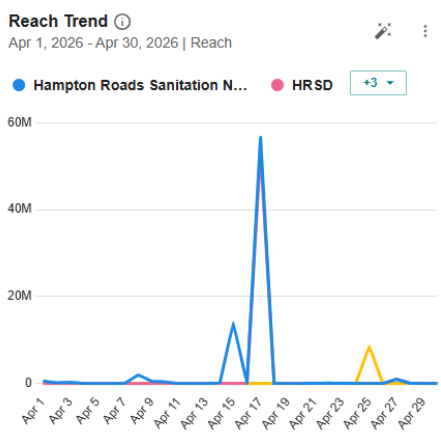
d. How favorable is the content?

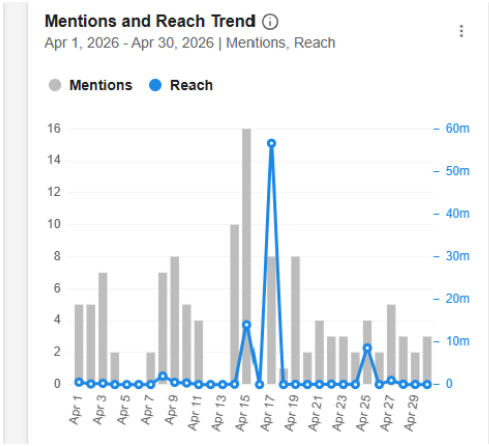


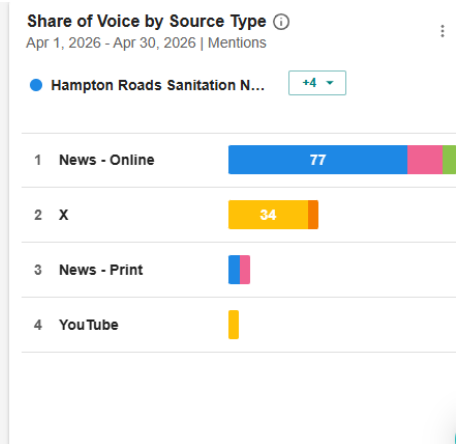


(Negative sentiment relates to political opposition tweets to Congresswoman Kiggins; HRSD included because of mention of check presentation on Eastern Shore; HRSD was not being directly called out)

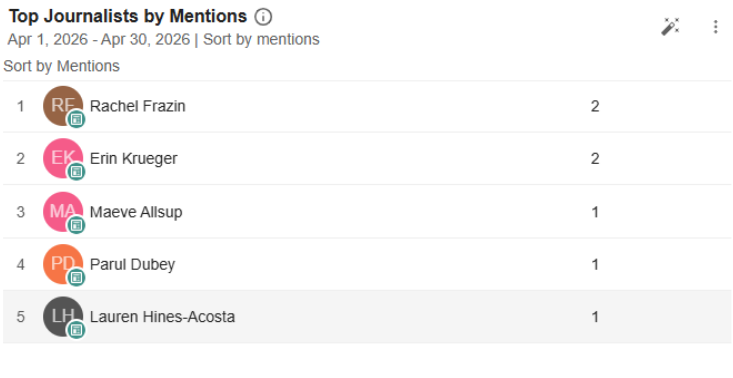
e. What is the potential reach?

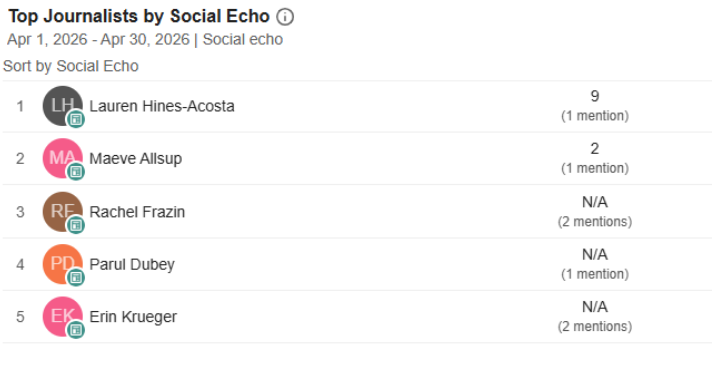






f. Who's Driving the Conversation? (Top publishers)





Top Social Authors by Posts
Apr 1, 2026 - Apr 30, 2026 | Sort by mentions

Sort by Mentions

1	Lou Rivers	5
2	Mavislu	4
3	HRSD	4
4	tagit	3
5	EllyKayUSA	2
6	Congresswoman Jen Kigg…	2

Top Social Authors by Engagement
Apr 1, 2026 - Apr 30, 2026 | Sort by engagement

Sort by Engagement

1	Congresswoman Jen Kigg…	29 (2 mentions)
2	Kiggan's Poolboy	5 (1 mention)
3	Lou Rivers	2 (5 mentions)
4	General Jackson	2 (2 mentions)
5	HRSD	2 (4 mentions)
6	flii	1 (1 mention)

Community Engagement

B. Social Media and Online Engagement

1. Metrics – Facebook, X and LinkedIn



2. YouTube



3. Top posts on Facebook, Twitter, and YouTube

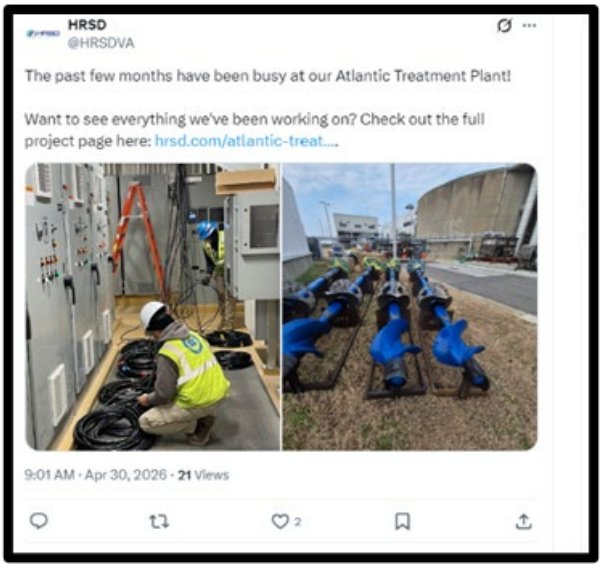
a. Top Facebook post



b. Top LinkedIn Post



c. Top X Post



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

(1) HRSD | White Collar (:30)

(2) HRSD | Municipality (:60)

(3) HRSD | Blue Collar (:60)

(4) HRSD | White Collar (:60)

(5) HRSD Employee Testimonials

4. Website and Social Media Impressions and Visits

   a. Facebook:

      (1) 55,698 users reached

      (2) Facebook Engagement of 652 (261 reactions, 379 shares, and 12comments)

   b. X: 5.36% engagement rate

   c. HRSD.com/SWIFTVA.com: 879 page visits

   d. LinkedIn Impressions:

      (1) 20,349 page impressions

      (2) 23,025 post impressions

   e. YouTube: 855 views

   f. NextDoor unique impressions: 62,012 post impressions from 20 targeted neighborhood postings and four regionwide postings.

   g. Blog Posts: (0)

   h. Construction Project Page Visits – 1,836 total

C. Education and Outreach Activity Highlights

1. 0402/26 – SWIFT tour and activity for Hampton High School students
2. 04/03/2026 – Classroom presentation for Deep Creek Elementary students
3. 04/08/2026 -- SWIFT tour for Tidewater Community College students
4. 04/13/2026 – classroom presentation and activity for Middlesex Elementary students
5. 04/14/2026 – SWIFT tour and activity for Kingston Elementary School students
6. 04/17/2026 – Career Day table at Arrowhead Elementary School
7. 04/22/2026 – Career Day table at King and Queen Elementary School

8. 04/24/26 – Earth Action Day at Atlantic Treatment Plant for Ocean Lakes High School

9. 04/25/2026 – HRSD information table at A&N Electric Cooperative Arbor Day event

10. 04/27/2026 – Classroom presentation at Walsingham Academy

11. 04/27/2026 -- Career Day table at Cooper Elementary School

12. 04/28/26 -- Classroom presentation at Frank W. Cox High School

13. 04/29/26 – James River Treatment Plant Trails Tour (assisted Engineering staff)

14. Newsroom postings:

    a. Construction notices – 12
    b. News releases – 0
    c. Traffic Advisories - 0

D. Meetings, Planning and other Communications

CCO participated in the following meetings and events:

1. Value of Water Campaign Steering Committee in-person strategy meeting

2. Regional Public Information Subcommittee meeting

3. Secure Energy Future Center (SEFC) Grand Opening

4. WateReuse Outreach & Education Committee meeting

5. Planning meetings for Onancock event

6. Interviews for new Community Education and Outreach Specialist position

7. HRSD.com weekly redesign meetings

8. Architectural review committee meeting for Nansemond Administration building

9. SWIFT monthly communications status call

10. Bi-weekly General Manager (GM) briefings

11. Discharge Monitoring Report (DMR), SWIFT Quality Steering Team (QST), and HRSD QST meetings

12. Check-in meetings with Deputy General Manager (DGM)

13. Monthly check in meeting with Chief Operating Officer

14. CCO conducted biweekly Communications department status meetings and weekly one-on-one check-in meetings.

15. Staff participated in 23 project progress and/or construction meetings in addition to communication planning meetings with various project managers, plant staff, internal and external stakeholders.

Talent

Professional development activities and pursuits for April:

- Public Information Specialists and CCO completed assigned IT Security training modules

Respectfully,

Leila Rice, APR

Chief Communications Officer

TO: General Manager

FROM: Chief Engineer

SUBJECT: Monthly Engineering Report for April 2026

DATE: May 12, 2026

Environmental Responsibility

- The High Priority Inflow and Infiltration Program has seen a significant reduction in scope and cost due to the progressive approach used for this design-build project. Those savings have allowed the team to reimagine the remainder of the program, including a significant investment in flow monitoring (nearly 1000 meters) over the next several years, which will facilitate improvements to and the recalibration of the Regional Hydraulic Model (RHM). The RHM is critical for capacity management within our system and long-term capital planning.

Financial Stewardship

- Capital Improvement Program (CIP) spending for April was above the planned spending target, and annual spending is still approximately 90 percent of the planned CIP target for the fiscal year.

Capital Improvement Program Spending ($M)

	Current Period	FY to date
Actual	$82.8	$505.6
Plan	$65.5	$428.9

Talent

- Staff retention and recruitment remain significant priorities. Engineering has recently had offers accepted by four candidates for Project Manager positions in Design & Construction and is currently working to fill an Engineering Program Manager (formerly, Hydraulic Analysis Manager) position in the Planning and Analysis Department. Interviews for this position will be held in May.

Community Engagement

- HRSD was recently awarded a $750,000 Community Project Funding grant for the Onancock Pump Station Improvement Project (ES011000), and Congresswoman Kiggans presented this award to HRSD at a ceremony on April 13th. Jay Bernas and Delane Carty spoke to the value these funds will provide in protecting the surrounding waters and the environment. Representatives from the Town of Onancock also attended, including Mayor Fletcher Fosque.
- Lauren co-presented "Rebuilding Shorelines and Waterfront Trails: How Public and Private Partnerships Can Impact a Community" on April 28th and hosted a tour on April 29th of the Flax Mill Creek Trail and James River shoreline project as part of the Virginia Land Conservation & Greenways Conference in Newport News

Innovation

- GIS, Asset Management, and IT staff completed the selection of a new system integration tool to better support the integration of GIS with CMMS through the approval of a contract to Geonexus Technologies LLC and the purchase of their Geonexus Integration Platform (GIP). This will replace the current out-of-the-box Hexagon GN HxGN) toolbar and support the ongoing migration from ArcGIS Geometric Network to Utility Network. The GIP provides proprietary, manufacturer-supported integration between Esri ArcGIS Utility Network and HxGN Enterprise Asset Management. Services provided by this contract include software installation, connection establishment, configuration of initial datasets, synchronization testing, and training for HRSD staff self-sufficiency



Jeff Scarano, PE, BCEE, DBIA

TO: General Manager/CEO

FROM: Deputy General Manager and Chief Financial Officer

SUBJECT: Monthly Report for April 2026

DATE: April 11, 2026

Financial Stewardship

Debt and Grants Management

Staff closed a $60 million Virginia Clean Water Revolving Loan at a favorable 2.35 percent interest rate after expediting the closing process ahead of anticipated rate increases in the following month.

Progress continued on the Virginia Department of Environmental Quality (DEQ) Septic-to-Sewer grant program, with seven customer reimbursements completed and additional conversions underway.

Accounting & Interim Financial Reports

Interim financial results through the tenth month of the fiscal year indicate that revenues and expenses are generally in line with the amended budget.

Billed consumption, the driver of HRSD's largest revenue source, rebounded this month and for the end of April is in line with budgetary expectations.

Summary of Billed Consumption (,000s ccf)

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

Customer Care

Customer Care continued to see improvement in past due account balances, with decreases reported across all aging categories. Staff delivered more than 3,100 warning notices and completed over 2,500 service disconnections during April. Staff began transitioning from physical door tags to mailed shut-off notices and expanded digital communication strategies.

Customer service performance metrics also improved during the month, with increased call answer rates, reduced wait times, and lower call abandonment rates driven by staffing level improvements and better stabilization of billing cycles among partner localities.

Customer satisfaction remained strong, with after-call surveys receiving a 91 percent favorable rating. Additionally, outbound text reminders for past due balances continued to be effective, generating payments on more than half of the accounts contacted.

A. Entity Wide Interim Financial Report & Summary of Reserves

Hampton Roads Sanitation District
Interim Financial Report
Funds Analysis
For the Period Ending April 30, 2026

	Operating Fund	Capital Fund	Total
Inflows			
Wastewater Treatment Charges	$ 414,619,800	$ -	$ 414,619,800
Interest Income	16,135,413	5,611,195	21,746,608
Grants	-	67,001,733	67,001,733
Debt Issuances	-	287,012,248	287,012,248
Transfers-In	-	144,251,120	144,251,120
Total Inflows	430,755,213	503,876,296	934,631,509
Outflows			
Operational	193,122,394	-	193,122,394
Debt Service	91,801,678	-	91,801,678
Capital	-	577,610,669	577,610,669
Transfers-Out	144,251,120	-	144,251,120
Total Outflows	429,175,192	577,610,669	1,006,785,861
Net Change in Reserves	1,580,021	(73,734,373)	(72,154,352)
Beginning Reserves	287,822,082	315,786,765	603,608,847
Ending Reserves	**$ 289,402,103**	**$ 242,052,392**	**$ 531,454,495**
Ending Reserves Summary			
Unrestricted			
General	$ 246,893,547	$ 74,403	$ 246,967,950
Risk	4,799,556	-	4,799,556
PayGo	-	235,057,899	235,057,899
Total Unrestricted Reserves	251,693,103	235,132,302	486,825,405
Restricted			
Debt Service	37,709,000	-	37,709,000
Bond Proceeds	-	6,920,090	6,920,090
Total Ending Reserves	**$ 289,402,103**	**$ 242,052,392**	**$ 531,454,495**

Notes to Entity Wide Interim Financial Report and Summary of Reserves

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

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

B. Operating Fund Interim Financial Report - Budget to Actual

Hampton Roads Sanitation District
Operating Fund Interim Financial Report
Budget to Actual
For the Period Ending April 30, 2026

	Amended Budget	Current YTD	Current YTD as % of Budget (83% Budget to Date)	Prior YTD as % of Prior Year Budget
Operating Revenues				
Wastewater	$ 486,718,000	$ 400,047,732	82%	84%
Surcharge	1,568,000	1,217,353	78%	92%
Indirect Discharge	3,526,000	4,067,009	115%	89%
Fees	4,560,000	3,876,095	85%	112%
Municipal Assistance	734,000	676,405	92%	118%
Miscellaneous	808,000	794,903	98%	76%
Total Operating Revenue	497,914,000	410,679,497	82%	84%
Non Operating Revenues				
Facility Charge	6,620,000	6,067,025	92%	90%
Interest Income	11,500,000	21,388,312	186%	298%
Other	1,545,000	2,183,199	141%	195%
Total Non Operating Revenue	19,665,000	29,638,536	151%	203%
Total Revenues	517,579,000	440,318,033	85%	88%
Transfers from Reserves	26,039,871	21,699,892	83%	83%
Total Revenues and Transfers	$ 543,618,871	$ 462,017,925	85%	88%
Operating Expenses				
Personal Services	$ 87,350,418	$ 70,245,472	80%	79%
Fringe Benefits	31,422,407	25,183,293	80%	73%
Materials & Supplies	17,577,501	11,571,973	66%	70%
Transportation	2,679,992	1,571,266	59%	57%
Utilities	18,037,260	13,345,681	74%	78%
Chemical Purchases	19,158,847	11,132,539	58%	69%
Contractual Services	63,850,179	36,179,690	57%	53%
Major Repairs	18,968,701	8,590,331	45%	35%
Capital Assets	2,280,197	1,218,017	53%	13%
Miscellaneous Expense	4,552,025	3,125,775	69%	103%
Total Operating Expenses	265,877,527	182,164,037	69%	67%
Debt Service and Transfers				
Debt Service	104,640,000	91,801,678	88%	89%
Transfer to CIP	173,101,344	144,251,120	83%	83%
Total Debt Service and Transfers	277,741,344	236,052,798	85%	85%
Total Expenses and Transfers	$ 543,618,871	$ 418,216,835	77%	76%

Notes to Operating Fund Interim Financial Report – Budget to Actual

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

C. Capital Fund – Project Length Summary of Activity

HRSD-PROJECT ANALYSIS				March 31, 2026
Classification/ Treatment Service Area	Appropriated Funds	Project to Date Expenditures	Encumbrances	Available
Administration	$ 140,401,101	$ 61,091,392	$ 62,035,285	$ 17,274,424
Army Base	174,225,075	136,462,603	8,047,291	29,715,181
Atlantic	228,032,979	81,384,448	29,990,451	116,658,080
Boat Harbor	507,365,299	413,358,502	43,872,165	50,134,632
Ches-Eliz	29,279,118	15,208,754	858,443	13,211,921
Eastern Shore	68,576,326	46,724,161	1,952,675	19,899,490
James River	365,719,212	313,418,222	23,518,837	28,782,153
Middle Peninsula	107,163,987	25,311,186	15,668,762	66,184,039
Nansemond	570,383,766	414,487,582	135,051,045	20,845,139
Surry	57,978,543	52,787,809	482,789	4,707,945
VIP	328,002,962	162,732,174	69,727,002	95,543,786
Williamsburg	104,425,475	13,741,227	2,198,064	88,486,184
York River	117,774,645	78,720,211	5,260,202	33,794,232
General	1,702,778,028	702,858,806	637,267,752	362,651,470
	$ 4,502,106,516	$ 2,518,287,077	$ 1,035,930,763	$ 947,888,676

D. Summary of Debt Activity

HRSD- Debt Analysis				April 30, 2026
(in thousands)	Fixed Rate	Variable Rate	Line of Credit	Total
Beginning Balance 7/1/25	$ 1,757,250	$ 50,000	$ 92,462	$ 1,899,712
Add:				
New Debt	282,956	-	-	282,956
Capitalized Interest	7,726	-	-	7,726
Less:				
Principal Payments	(54,930)	-	-	(54,930)
Ending Balance 04/30/26	$ 1,993,002	$ 50,000	$ 92,462	$ 2,135,464
FY26 YTD Interest Payments	$ (40,616)	$ (982)	$ (2,763)	$ (44,361)

HRSD- Series 2016 Variable Rate Bond Analysis			May 01, 2026
	SIFMA Index	HRSD Series 2016VR	Deviation to SIFMA
Maximum	4.71%	4.95%	0.24%
Average	1.62%	1.10%	-0.52%
Minimum	0.01%	0.01%	0.00%
As of 05/01/26	3.09%	3.00%	-0.09%

Since October 20, 2011 HRSD has averaged 110 basis points on Variable Rate Debt

Subsidised Debt Activity					
Source	Funder	Loan Amount	Current Drawn Total	% Remain	Initial Draw Date - Projected
WIFIA Tranche 3	EPA	$ 346,069,223	$ -	100%	July 2026
VCWRLF 2026 CIP Project	DEQ	$ 60,000,000	$ 80,257	99.9%	May 2026

E. Cash and Investment Summary

Operating Liquidity Accounts	Beginning Market Value July 1, 2025	YTD Contributions	YTD Withdrawals	YTD Income Earned	Ending Market Value April 30, 2026	Allocation of funds	Current Mo Avg Yield
BOA Corp Disbursement Account	$ 43,574,043	$ 1,195,782,815	$ 1,207,598,333	$ 346,762	$ 32,105,287	7.0%	1.08%
BOA Operating Accounts	14,339,684	921,249,508	921,538,288	153,396	14,204,300	3.1%	1.08%
BNY Mellon Account	7,892,401	56,556,875	61,532,996	69,226	2,985,506	0.6%	2.32%
SNAP & SLG Accounts	143,929,872	227,916,176	370,462,750	5,611,195	6,994,493	1.5%	3.81%
VIP Stable NAV Liquidity Pool	324,275,659	379,096,072	313,000,000	13,282,582	403,654,313	87.8%	3.78%
Operating Liquidity Accounts	**$ 534,011,659**	**$ 2,780,601,446**	**$ 2,874,132,367**	**$ 19,463,161**	**$ 459,943,899**	100.0%	

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

Total Return Account	Beginning Market Value July 1, 2025	YTD Contributions	YTD Withdrawals	YTD Income Earned & Realized G/L	Ending Market Value April 30, 2026	Allocation of funds	Yield to Maturity at Market
VIP 1-3 Year High Quality Bond Fund	69,597,188	-	11,743	2,283,447	71,510,596	72,419,438	3.88%
Total Return Account	**$ 69,597,188**	**$ -**	**$ 11,743**	**$ 2,283,447**	**$ 71,510,596**	**$ 72,419,438**	

VIP 1-3 Year High Quality Bond Fund performed 0.01% below to the ICE BofA ML 1-3 yr AAA-AA Corp/Gov Index (the market benchmark) in April 2026.

	Total	Fund Alloc
Operating Liquidity Accounts	$ 459,943,899	86.5%
Total Return Account	$ 71,510,596	13.5%
TOTAL	**$ 531,454,495**	**100.0%**

F. Financial Performance Metrics Adjusted Days Cash on Hand

HRSD - UNRESTRICTED CASH — **April 30, 2026**

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

		Days Cash on Hand	Adjusted Days Cash on Hand
Total Unrestricted Cash	**$ 486,825,404**		**668**
Risk Management Reserve	(4,799,555)	(6)	662
Capital (PAYGO only)	(235,057,899)	(323)	339
Adjusted Days Cash on Hand	**$ 246,967,951**		**339**

Risk Management Reserve as a % of Projected Claims Cost is 25% YTD compared to 25% Policy Minimum
Adjusted Days Cash on Hand Policy Minimum is 270-365 days.

G. Summary of Grant Applications, Awards and Activity

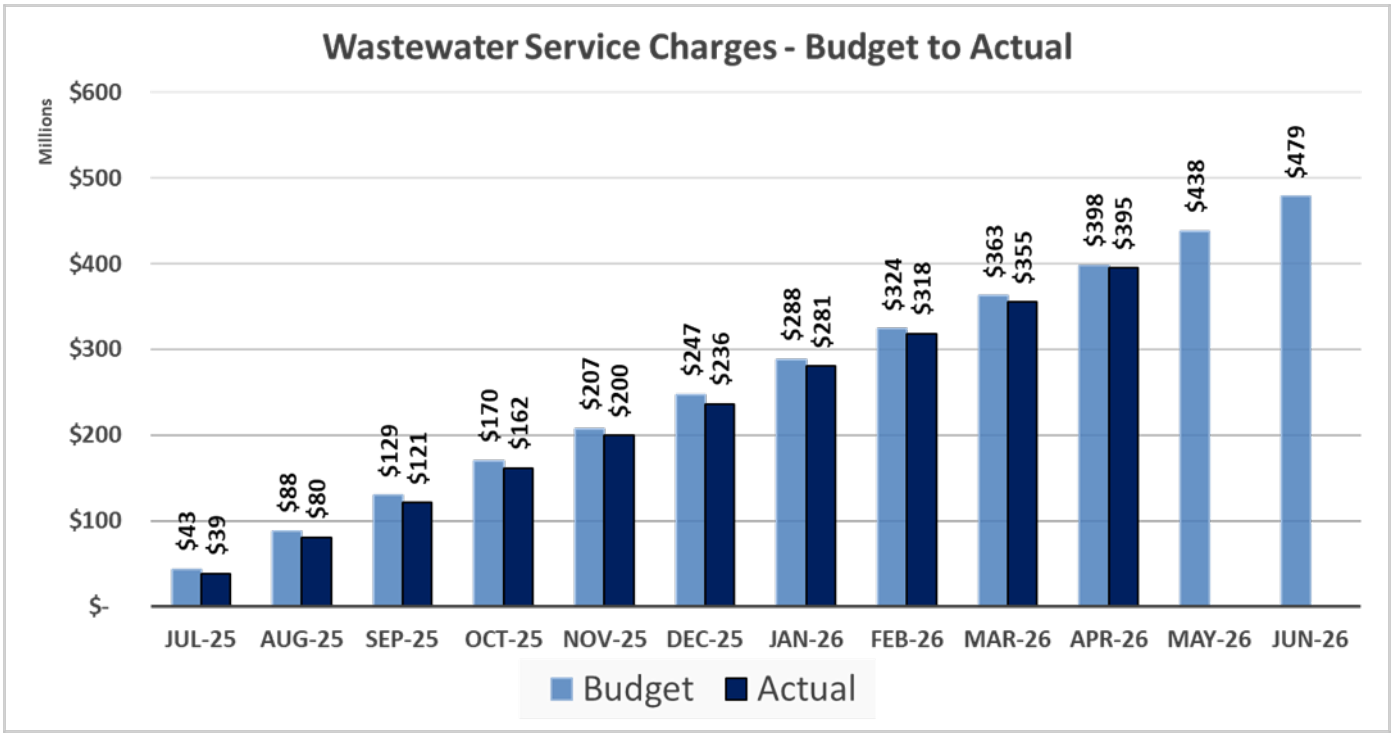
Active Capital Grants

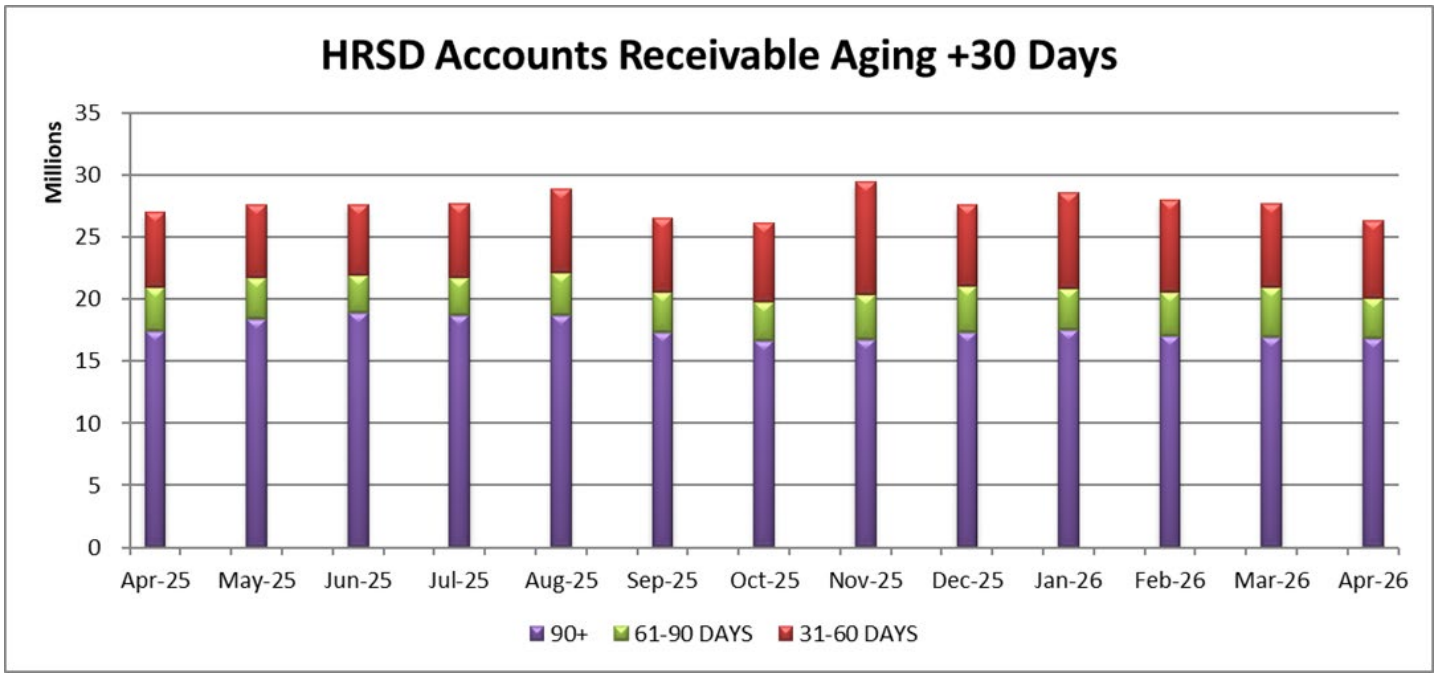
Grant Name	Funder	Project	CIP#	Application Submitted	Amount Requested	HRSD Award Amount	Reimbursement as of 04/30/26
Community Flood Preparedness Fund	VDCR	Dozier's Corner Pump Station Replacement	AT015400	12/4/2024	$ 6,265,669	$ 6,265,669	$ -
Community Flood Preparedness Fund	VDCR	Onancock Treatment Plant Administrative Building Design	ES010300	10/30/2024	$ 374,400	$ 374,400	$ -
Water Quality Improvement Fund	VDEQ	Boat Harbor Pump Station and Conveyance	BH015700 BH015701 BH015710 BH015720 GN016345 GN016346	3/4/2024	$ 311,286,392	$ 294,300,592	$ 67,000,000
Water Quality Improvement Fund	VDEQ	James River Advanced Nutrient Reduction Improvements (ANRI) SWIFT	GN016360 GN016361 GN016362 JR013400	3/23/2023	$ 344,741,547	$ 331,384,307	$ -
					$ 662,668,008	**$ 632,324,968**	**$ 67,000,000**

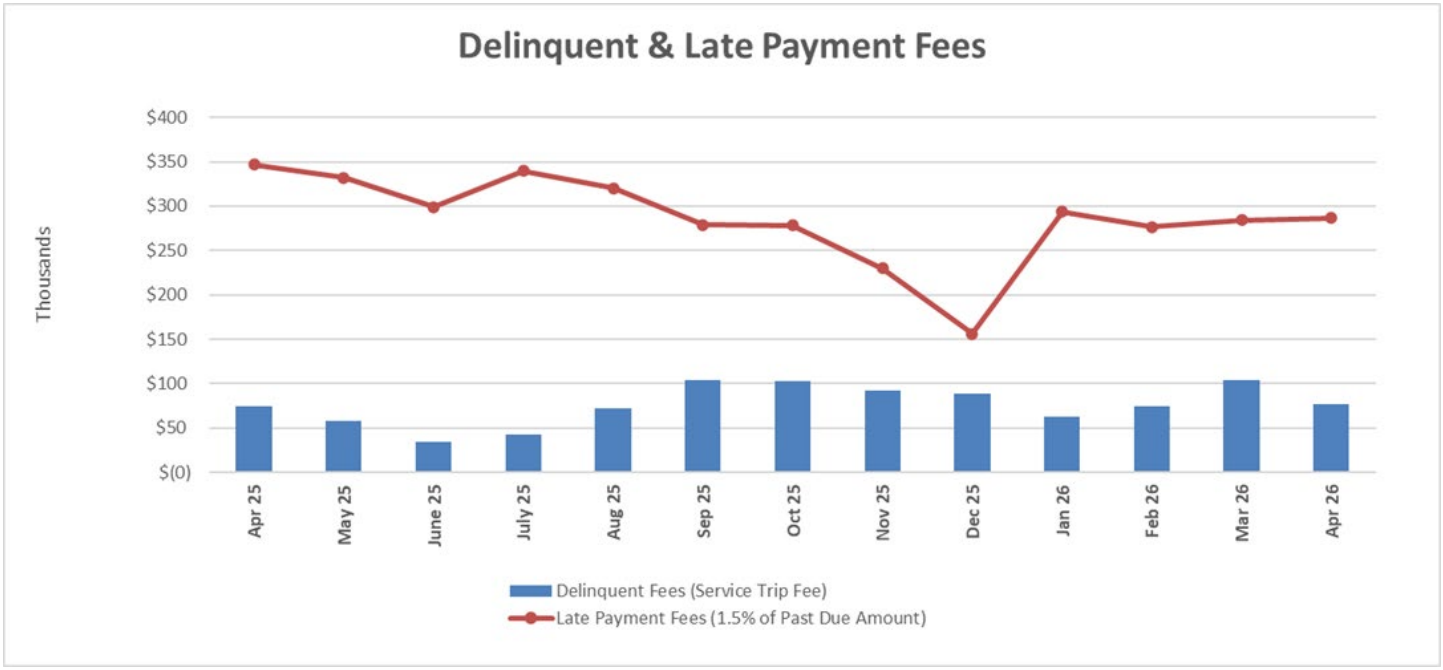
Active Non-Capital Grants

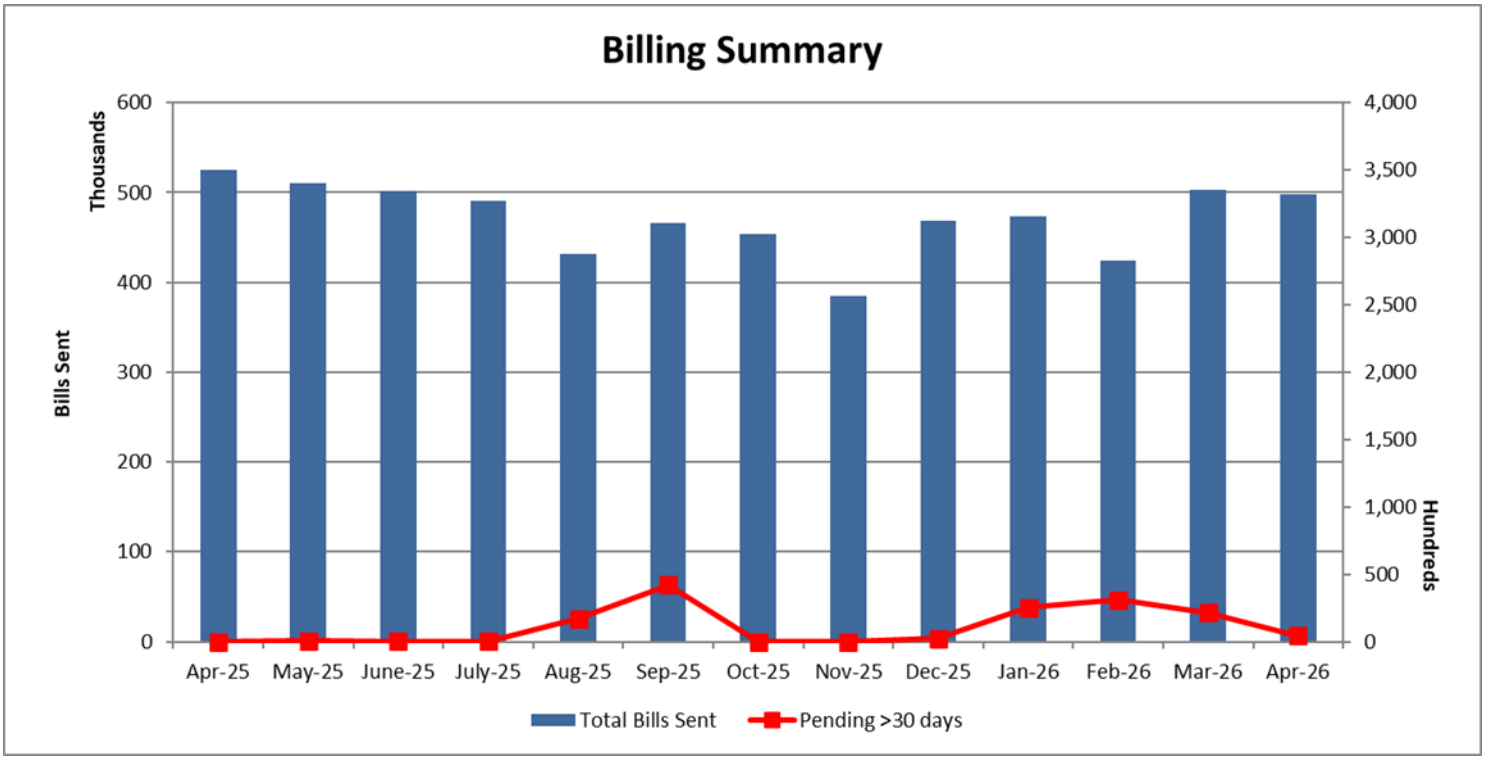
Grant Name	Funder	Project	CIP#	Application Submitted	Amount Requested	HRSD Award Amount	Reimbursement as of 04/30/26
Non-Point Source Funding	VDEQ	Gloucester Septic to Sewer (Pay for Performance)	n/a	2/3/2024	$ 1,180,000	$ 1,180,000	$ -
					$ 1,180,000	**$ 1,180,000**	**$ -**

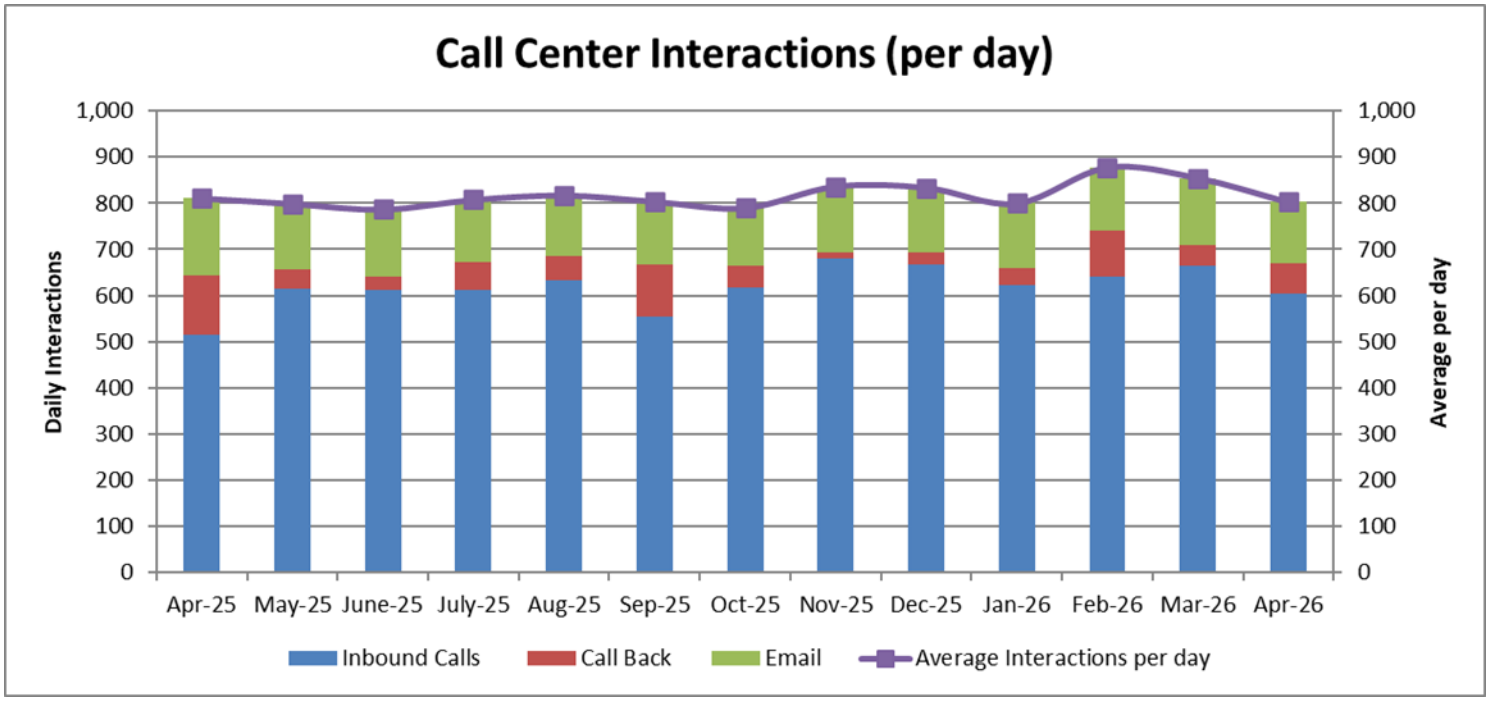
H. Customer Care Center – Key Statistics

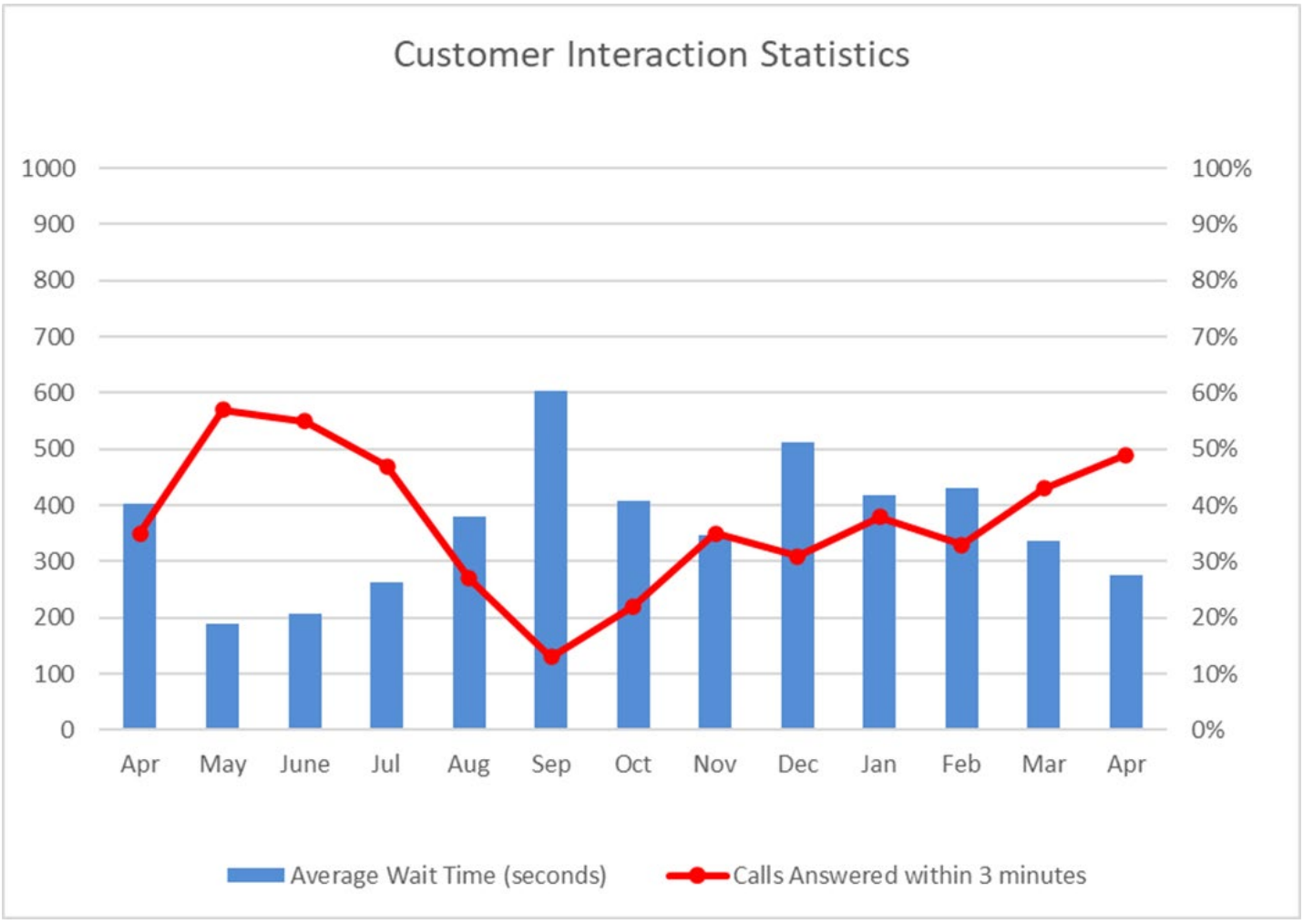


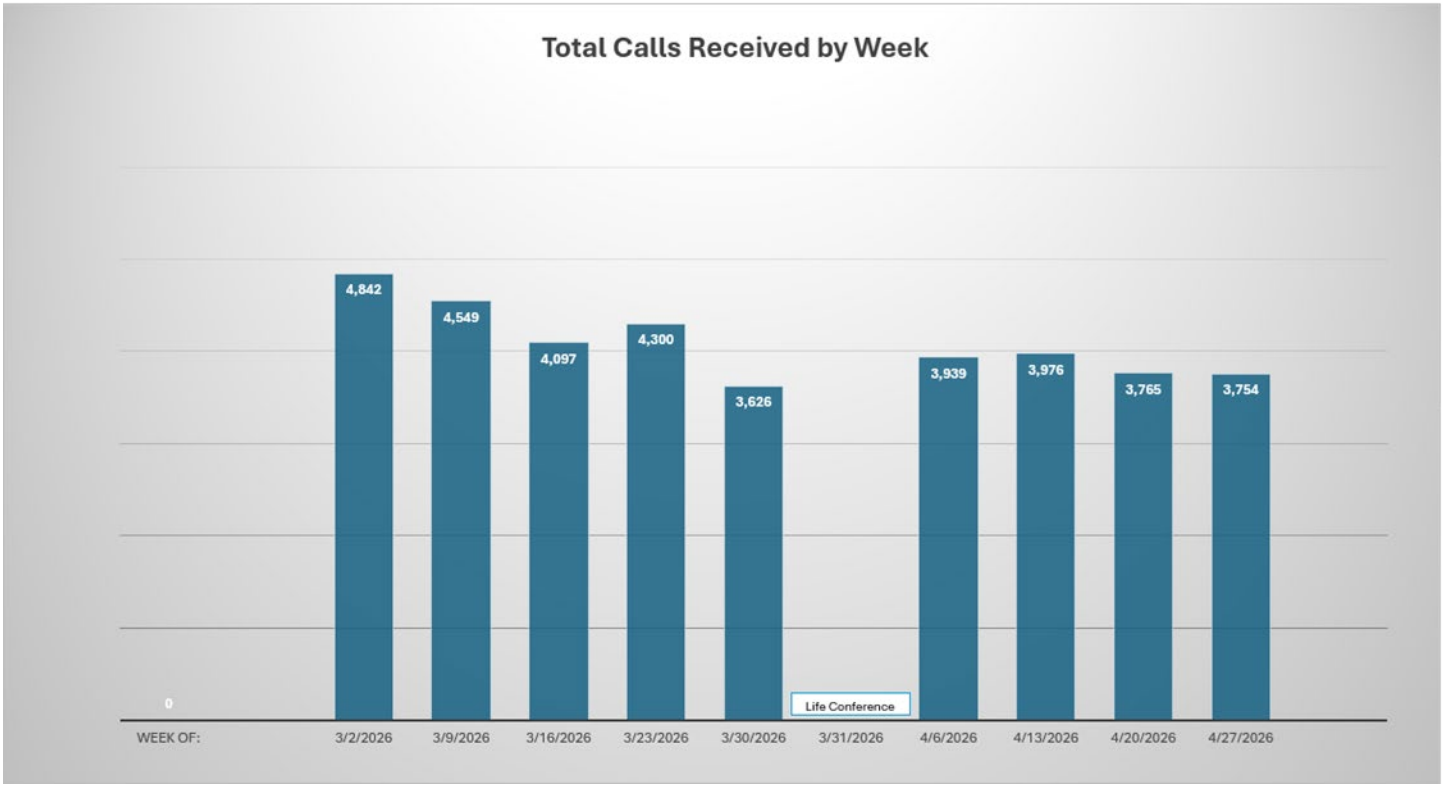



Delinquent & Late Payment Fees
Thousands
$400
$350
$300
$250
$200
$150
$100
$50
$(0)
Apr 25
May 25
June 25
July 25
Aug 25
Sep 25
Oct 25
Nov 25
Dec 25
Jan 26
Feb 26
Mar 26
Apr 26
Delinquent Fees (Service Trip Fee)
Late Payment Fees (1.5% of Past Due Amount)


Billing Summary
Bills Sent
Thousands
600
500
400
300
200
100
0
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
Hundreds
Apr-25
May-25
June-25
July-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
Total Bills Sent
Pending >30 days


Call Center Interactions (per day)
Daily Interactions
Average per day
1,000
900
800
700
600
500
400
300
200
100
0
Apr-25
May-25
June-25
July-25
Aug-25
Sep-25
Oct-25
Nov-25
Dec-25
Jan-26
Feb-26
Mar-26
Apr-26
Inbound Calls
Call Back
Email
Average Interactions per day


Customer Interaction Statistics
1000
900
800
700
600
500
400
300
200
100
0
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Apr
May
June
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
Average Wait Time (seconds)
Calls Answered within 3 minutes

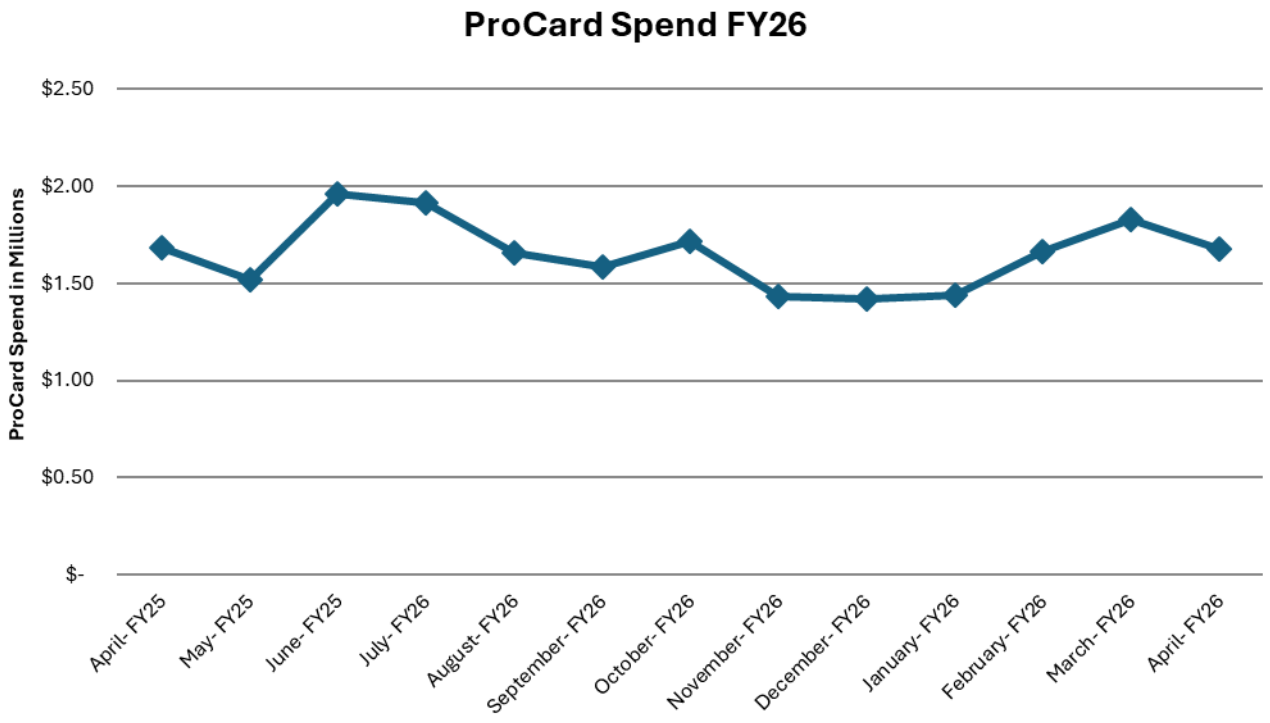


Customer Interaction Statistics	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Calls Answered within 3 minutes	35%	57%	55%	47%	27%	13%	22%	35%	31%	38%	33%	43%	49%
Average Wait Time (seconds)	403	190	208	262	379	604	409	346	512	417	431	336	277
Calls Abandoned	30%	16%	19%	22%	28%	42%	33%	25%	32%	27%	23%	20%	16%

Item #	Strategic Planning Measure	Unit	April 2026
	Accounts Receivable (HRSD)	Dollars	$51,518,878
	Aging Accounts Receivable	Percentage of receivables greater than 90 days	33.0%

I. Procurement Statistics

Savings	Current Period	FYTD
Competitive Savings	$59,420	$3,706,566
Negotiated Savings	$596	$16,137
Salvage Revenues	$11,231	$74,479
Corporate VISA Card - Estimated Rebate	$25,016	$243,298



Respectfully,

Steven G. de Mik

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

Attachments:
Quarterly Performance Report, 3rd Quarter FY 2026
Retiree Health Plan Investment Performance Review

Hampton Roads Sanitation District
Qtrly Performance Report
For the Quarter Ending March 31, 2026

Total Portfolio Summary

Operating Strategies	March 31, 2026	December 31, 2025
Primary Source	$ 431,179,112	$ 427,957,765
Secondary Source	71,374,558	71,153,613
	$ 502,553,670	**$ 499,111,378**

Primary Source Summary

The Primary Source Portfolio consists of BAML Corp Disbursement Account $23.82m and VaCo/VML VIP Stable NAV Liquidity Pool $407.36m. BAML Corp Disbursement Account returned 1.34% as of March 31, 2026. VIP LIQ Pool Fund 30 Day Avg Net Yield was 3.79% as of March 31, 2026. VIP Stable NAV Liquidity Pool performed 0.02% above to the Va Local Government Investment Pool's (the market benchmark) in the month of March 2026. VaCo/VML VIP Stable NAV Liquidity Pool's weighted average credit rating was A-1 for the quarter.

Secondary Source Summary

The Secondary Source Portfolio consists of VaCo/VML VIP 1-3 Year High Quality Bond Fund. VIP 1-3 Year High Quality Bond Fund's Yield to Maturity at Market was 3.81% in March, which was 0.02% below the ICE BofA ML 1-3 yr AAA-AA Corp/Gov Index (the market benchmark) performance. The weighted average credit rating for VaCo/VML VIP 1-3 Year High Quality Bond Fund's portfolio was AA for the quarter.

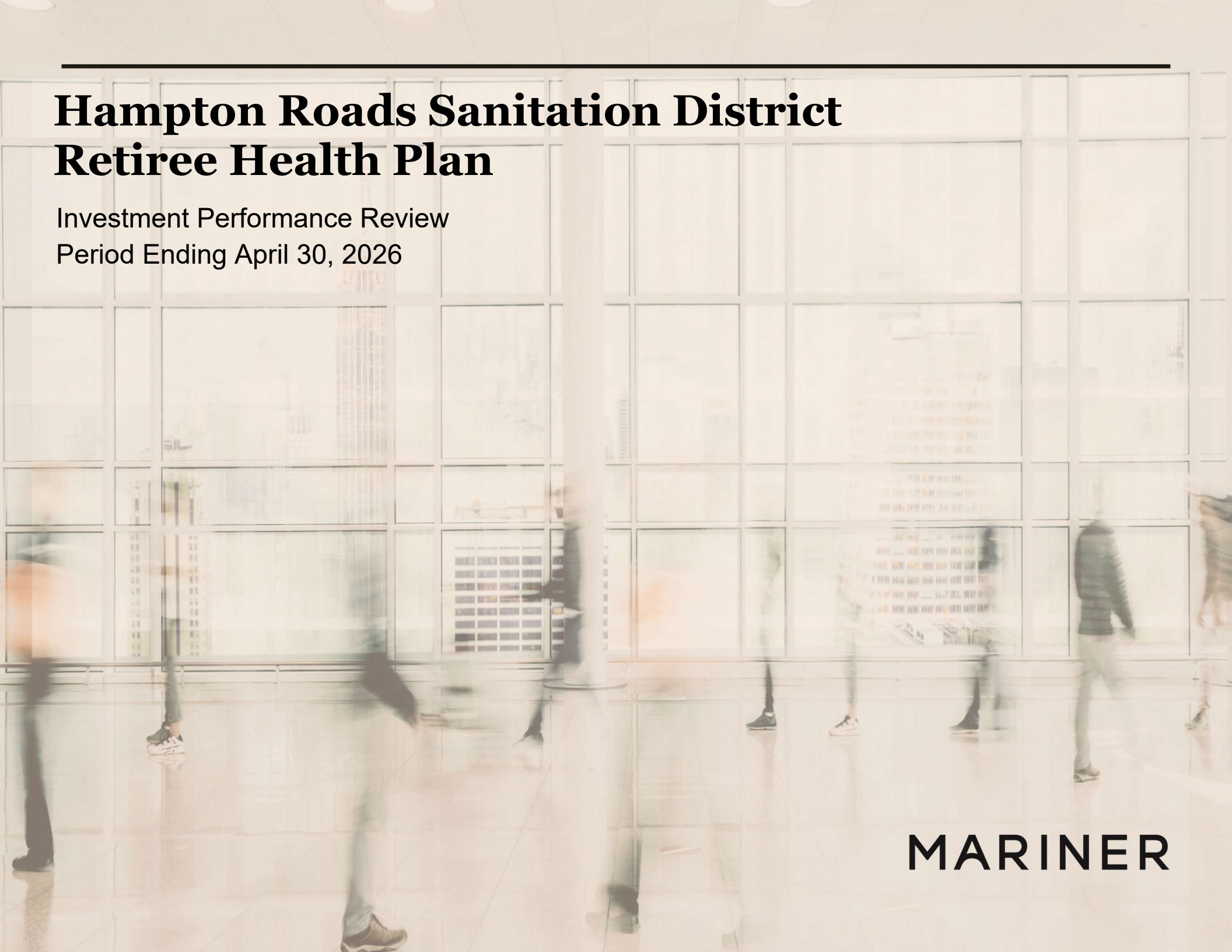
Retirement Health Plan Trust	March 31, 2026	December 31, 2025	$ Gain/(Loss)	% Gain/(Loss)
Investment Assets	86,424,517	88,461,734	(2,037,217)	-2.30%
Liquidity Assets	53,334	52,872	462	0.87%
Combined Assets	**$ 86,477,851**	**$ 88,514,606**	**$ (2,036,755)**	**-2.30%**

Retiree Health Plan Trust Summary

The Retiree Health Plan Trust portfolio returned -2.30% (investment assets) for the quarter ended March 31, 2026. The Domestic Equity Composite was the primary driver for the decline with a -$1.8M loss in the quarter. Equity market leadership rotated during the quarter, with energy and more defensive sectors outperforming while growth-oriented sectors lagged. Large-cap growth stocks experienced the steepest declines and contributed to broader index declines, while value stocks produced relatively stronger results. Small-cap stocks outperformed large-cap stocks and showcased a positive return during the quarter, marking a reversal from the large-cap leadership observed in prior periods. Geopolitical developments were a primary driver of market behavior during the quarter, as conflict in the Middle East led to a sharp increase in oil prices and heightened volatility across asset classes. Energy markets experienced significant gains, while rising fuel costs contributed to renewed concerns around inflation and global economic growth. Communications from the Federal Open Market Committee (FOMC) emphasized a data-dependent approach as policymakers monitored evolving economic conditions. The US Federal Reserve maintained its policy rate during the first quarter, holding the federal funds target range at approximately 3.50%–3.75%. Currency movements and cross-asset relationships also influenced performance, with US dollar strength weighing on international returns in USD terms despite relatively stronger local market performance.

Hampton Roads Sanitation District Retiree Health Plan

Investment Performance Review
Period Ending April 30, 2026



MARINER

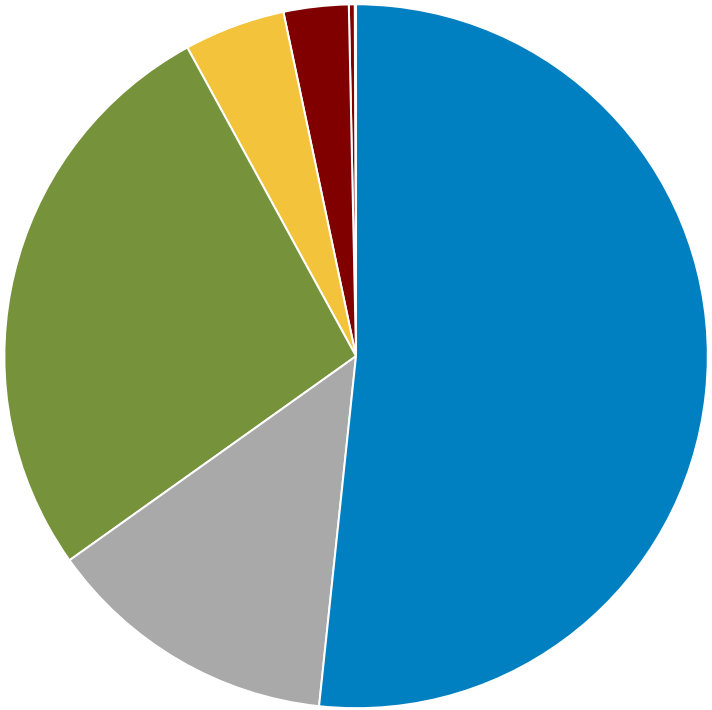
Financial Reconciliation
Total Fund - Combined Assets
Year To Date Ending April 30, 2026

Financial Reconciliation Year to Date

	Market Value 01/01/2026	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Return On Investment	Market Value 04/30/2026
Total Fund - Combined Assets	**88,514,605**	**-**	**-**	**-1,083,456**	**-8,555**	**-7,389**	**3,873,740**	**91,288,945**
Total Fund - Investment Assets	**88,461,734**	**-**	**-**	**-1,083,456**	**-8,555**	**-7,385**	**3,873,119**	**91,235,457**

Asset Allocation By Asset Class
Total Fund
As of April 30, 2026

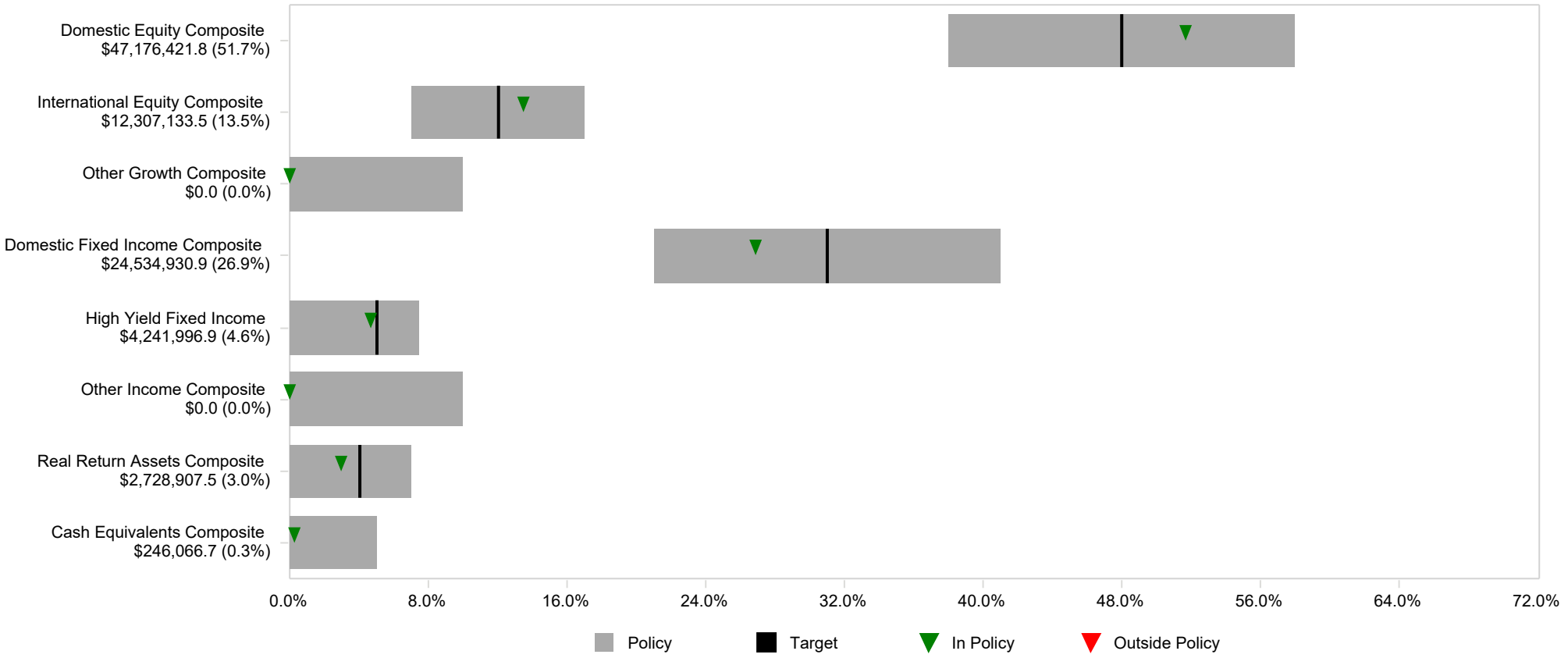
Apr-2026 : $91,288,945



Allocation

	Market Value	Allocation
Domestic Equity Composite	47,176,422	51.7
International Equity Composite	12,307,133	13.5
Domestic Fixed Income Composite	24,534,931	26.9
High Yield Fixed Income	4,241,997	4.6
Real Return Assets Composite	2,728,907	3.0
Cash Equivalents Composite	246,067	0.3
Total Fund - Liquidity Assets	53,488	0.1

Executive Summary



Asset Allocation Compliance

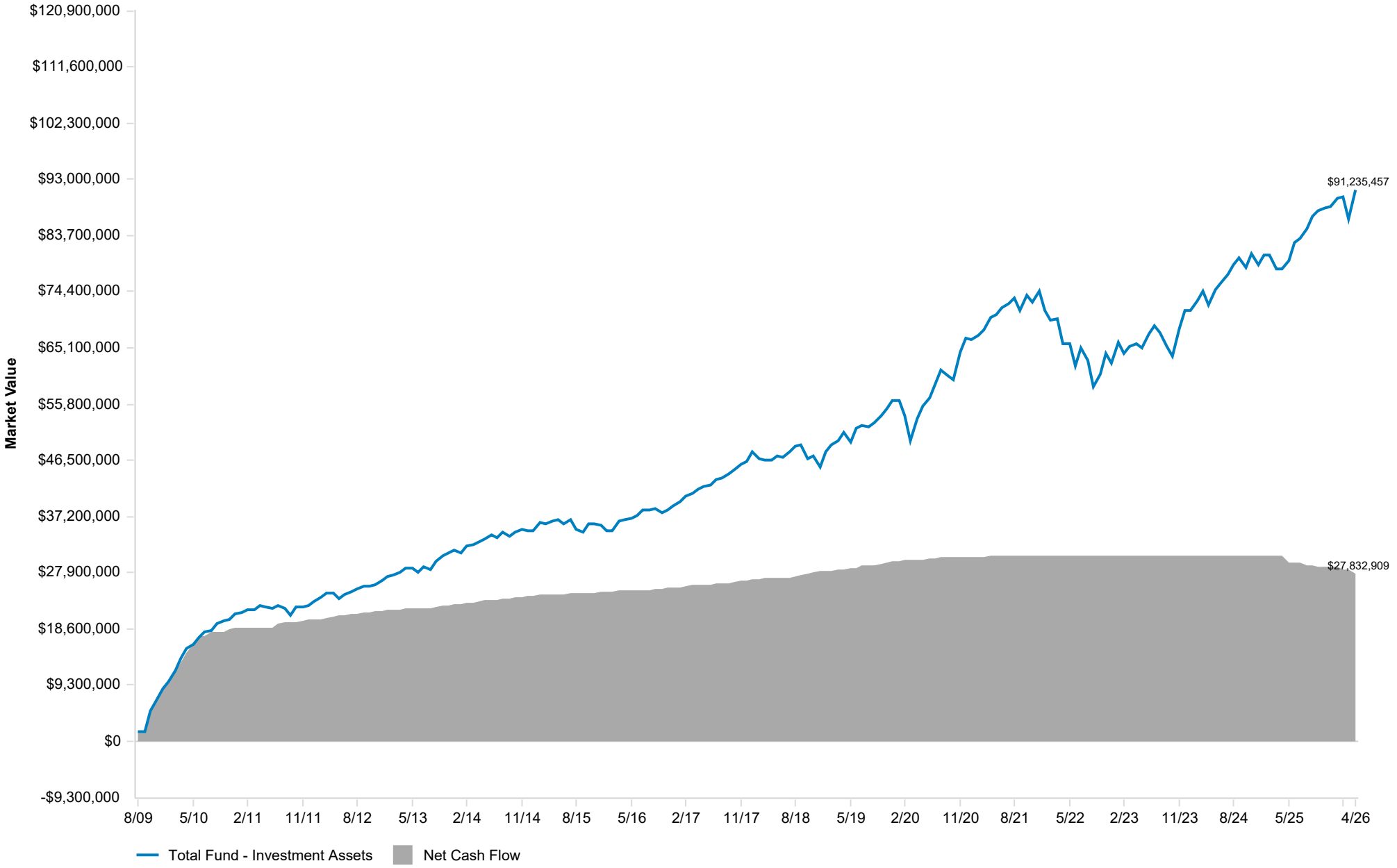
	Asset Allocation $	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund - Investment Assets	**91,235,457**	**100.0**	**100.0**	**N/A**	**N/A**
Domestic Equity Composite	47,176,422	51.7	48.0	38.0	58.0
International Equity Composite	12,307,133	13.5	12.0	7.0	17.0
Other Growth Composite	-	0.0	0.0	0.0	10.0
Domestic Fixed Income Composite	24,534,931	26.9	31.0	21.0	41.0
High Yield Fixed Income	4,241,997	4.6	5.0	0.0	7.5
Other Income Composite	-	0.0	0.0	0.0	10.0
Real Return Assets Composite	2,728,907	3.0	4.0	0.0	7.0
Cash Equivalents Composite	246,067	0.3	0.0	0.0	5.0

	Allocation		Performance(%)									
	Market Value $	%	MTH	QTR	YTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
Total Fund - Combined Assets	**91,288,945**	**100.0**										
Total Fund - Investment Assets (Net of Fees)	**91,235,457**	**99.9**	**6.30**	**2.75**	**4.40**	**20.79**	**12.85**	**6.13**	**8.58**	**8.57**	**8.32**	**Sep-2009**
Blended Benchmark			-	-	-	-	-	-	-	-	-	
Total Equity Composite	**59,483,555**	**65.2**	**9.71**	**4.24**	**6.72**	**31.40**	**-**	**-**	**-**	**-**	**21.66**	**Oct-2023**
Vanguard Total Stock Market ETF (VTI)	47,176,422	51.7	10.42 (40)	4.34 (47)	5.99 (55)	31.38 (36)	21.33 (23)	11.83 (28)	14.70 (24)	14.72 (18)	19.74 (27)	Apr-2020
Russell 3000 Index			10.20	4.22	5.84	31.01	21.30	11.91	14.76	14.75	19.79	
All Cap Blend Median			10.02	4.19	6.56	29.94	17.94	9.58	12.36	12.46	18.14	
International Equity Composite	**12,307,133**	**13.5**	**7.05**	**3.86**	**9.60**	**31.50**	**-**	**-**	**-**	**-**	**21.17**	**Oct-2023**
Dodge & Cox Intenrational Stock I (DODFX)	2,186,081	2.4	7.30 (8)	2.65 (35)	8.08 (40)	33.92 (32)	-	-	-	-	-	Nov-2024
MSCI EAFE Value Index (Net)			6.06	2.35	8.18	32.56	20.94	13.09	10.98	9.57	31.02	
Foreign Large Value Median			4.48	1.05	7.16	30.03	18.27	11.45	10.68	9.25	28.20	
Vanguard Total International Stock ETF (VXUS)	7,212,017	7.9	7.81 (21)	4.47 (8)	10.31 (11)	34.29 (14)	17.73 (25)	8.64 (34)	9.86 (34)	9.38 (28)	15.30 (36)	Apr-2020
MSCI AC World ex USA (Net)			9.65	2.73	8.88	32.20	17.39	8.38	9.53	9.10	14.67	
Foreign Median			5.82	0.65	5.63	24.96	14.80	7.14	9.05	8.60	14.33	
Harding Loevner International Equity (HLMIX)	1,407,886	1.5	7.17 (27)	2.29 (26)	10.13 (12)	28.88 (31)	14.23 (55)	6.56 (55)	9.14 (48)	9.42 (27)	10.46 (65)	Jul-2020
MSCI AC World ex USA (Net)			9.65	2.73	8.88	32.20	17.39	8.38	9.53	9.10	12.43	
Foreign Median			5.82	0.65	5.63	24.96	14.80	7.14	9.05	8.60	11.88	
Goldman Sachs GQG Ptnrs Intl Opportunities (GSIMX)	1,501,149	1.6	3.02 (91)	4.21 (9)	7.92 (30)	18.32 (72)	15.70 (43)	9.27 (28)	11.79 (8)	-	16.67 (58)	Sep-2023
MSCI AC World ex USA (Net)			9.65	2.73	8.88	32.20	17.39	8.38	9.53	9.10	19.74	
Foreign Median			5.82	0.65	5.63	24.96	14.80	7.14	9.05	8.60	17.74	
Total Fixed Income Composite	**28,776,928**	**31.5**	**0.46**	**-0.03**	**0.25**	**4.72**	**-**	**-**	**-**	**-**	**6.73**	**Oct-2023**
Domestic Fixed Income Composite	**24,534,931**	**26.9**	**0.33**	**-0.16**	**0.11**	**4.28**	**-**	**-**	**-**	**-**	**6.62**	**Oct-2023**
Baird Core Plus (BCOIX)	8,315,575	9.1	0.33 (39)	-0.05 (26)	0.17 (38)	4.57 (50)	4.38 (31)	0.80 (25)	2.31 (25)	2.48 (27)	2.68 (19)	May-2014
Blmbg. U.S. Aggregate Index			0.11	-0.04	0.07	4.06	3.46	0.18	1.57	1.67	1.99	
Intermediate Core-Plus Bond Median			0.29	-0.22	0.08	4.55	4.07	0.44	1.96	2.13	2.25	
DoubleLine Core Fixed Income (DBLFX)	8,235,463	9.0	0.48 (11)	-0.37 (73)	-0.03 (66)	4.33 (63)	4.19 (43)	0.75 (28)	1.79 (64)	2.11 (53)	1.83 (58)	Sep-2017
Blmbg. U.S. Aggregate Index			0.11	-0.04	0.07	4.06	3.46	0.18	1.57	1.67	1.60	
Intermediate Core-Plus Bond Median			0.29	-0.22	0.08	4.55	4.07	0.44	1.96	2.13	1.93	

See the disclosure page at the end of the report.

	Allocation		Performance(%)									
	Market Value $	%	MTH	QTR	YTD	1 YR	3 YR	5 YR	7 YR	10 YR	Inception	Inception Date
iShares Core US Aggregate Bond ETF (AGG)	7,983,892	8.7	0.17 (26)	-0.06 (15)	0.19 (14)	4.03 (40)	3.43 (49)	0.16 (41)	1.54 (54)	1.63 (55)	3.32 (54)	Feb-2023
Blmbg. U.S. Aggregate Index			0.11	-0.04	0.07	4.06	3.46	0.18	1.57	1.67	3.35	
Intermediate Core Bond Median			0.09	-0.24	0.00	3.93	3.42	0.10	1.56	1.69	3.34	
High Yield Fixed Income	**4,241,997**	**4.6**	**1.26**	**0.71**	**1.04**	**7.40**	**-**	**-**	**-**	**-**	**5.85**	**Nov-2024**
MainStay MacKay High Yield Corp Bond Fund (MHYSX)	4,241,997	4.6	1.26 (84)	0.71 (34)	1.04 (52)	7.40 (74)	7.39 (78)	4.26 (35)	4.91 (28)	5.62 (25)	4.23 (36)	Jun-2021
ICE BofA U.S. High Yield Index			1.70	0.66	1.14	8.71	8.76	4.32	4.98	5.81	4.33	
High Yield Bond Median			1.56	0.54	1.05	8.39	8.04	3.94	4.49	5.12	3.99	
Real Return Assets Composite	**2,728,907**	**3.0**	**0.00**	**1.72**	**1.72**	**6.75**	**-**	**-**	**-**	**-**	**0.29**	**Oct-2023**
Boyd Watterson GSA Fund	2,728,907	3.0	0.00 (-)	1.72 (-)	1.72 (-)	6.75 (-)	0.23 (-)	1.88 (-)	-	-	3.26 (-)	Jul-2019
NCREIF Office Total Return			-	-	-	-	-	-	-	-	-	
IM U.S. Open End Private Real Estate (SA+CF) Median			-	-	-	-	-	-	-	-	-	
Cash Equivalents Composite	**246,067**	**0.3**	**0.26**	**0.85**	**1.16**	**3.91**	**-**	**-**	**-**	**-**	**4.63**	**Oct-2023**
First American Government Obligation - Z- (FGZXX)	246,067	0.3	0.26 (-)	0.85 (-)	1.16 (-)	3.91 (-)	4.71 (-)	3.40 (-)	2.67 (-)	2.20 (-)	1.73 (-)	Jan-2004
ICE BofAML 3 Month U.S. T-Bill			0.29	0.86	1.14	3.95	4.73	3.40	2.73	2.28	1.78	
Money Market-Taxable Median			-	-	-	-	-	-	-	-	-	
Total Fund - Liquidity Assets	**53,488**	**0.1**	**0.29**	**0.87**	**1.17**	**3.95**	**4.68**	**3.38**	**2.65**	**2.19**	**1.32**	**Sep-2009**
First American Government Obligation - Z (FGZXX)	53,488	0.1	0.29 (-)	0.87 (-)	1.17 (-)	3.95 (-)	4.68 (-)	3.38 (-)	2.65 (-)	2.19 (-)	1.73 (-)	Jan-2004
ICE BofAML 3 Month U.S. T-Bill			0.29	0.86	1.14	3.95	4.73	3.40	2.73	2.28	1.78	
Money Market-Taxable Median			-	-	-	-	-	-	-	-	-	

Schedule of Investable Assets



Data prior to 10/1/2023 was provided by the prior consultant.

As of 10/1/2023, Mariner began calculating client level returns for the underlying strategies and the asset class composites. Prior to this date, product returns are shown where possible. This data was not provided by the prior consultant.

Returns for periods greater than one year are annualized.

Active Return - Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.

Alpha - A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.

Beta - A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.

Consistency - The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.

Distributed to Paid In (DPI) - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.

Down Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance

Downside Risk - A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.

Excess Return - Arithmetic difference between the manager's performance and the risk-free return over a specified time period.

Excess Risk - A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio - This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.

Public Market Equivalent (PME) - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.

R-Squared - The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.

Return - Compounded rate of return for the period.

Sharpe Ratio - Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.

Standard Deviation - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

Total Value to Paid In (TVPI) - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life

Tracking Error - This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.

Treynor Ratio - Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.

Up Market Capture - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

Mariner Institutional compiled this report for the sole use of the client for which it was prepared. Mariner Institutional is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. Mariner Institutional uses the results from this evaluation to make observations and recommendations to the client. Mariner Institutional uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. Mariner Institutional analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides Mariner Institutional with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides Mariner Institutional with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause Mariner Institutional to believe that the information presented is significantly misstated.

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***IMPORTANT DISCLOSURE INFORMATION RE COALITION GREENWICH BEST INVESTMENT CONSULTANT AWARD (formerly known as the Greenwich Quality Leader Award):**
The awards are not indicative of any future performance. The awards or any other rankings and/or recognition by unaffiliated rating services and/or publications should not be construed as a guarantee that a client will experience a certain level of results or satisfaction, nor should it be construed as a current or past endorsement by any of our clients. No fee was paid to participate in this award survey.
The 2024-25 award was issued in February 2025, based on data from February to September of 2024. The 2023 award was issued in April 2024, based on data from Feb to November of 2023. The 2022 award was issued in April 2023, based on data from Feb to November of 2022. The 2021 award was issued in April of 2022, based on data from July to October 2021. Data was collected via interviews conducted by Coalition Greenwich. The 2024 and 2023 awards were issued to Mariner Institutional (formerly AndCo Consulting). The 2021 and 2022 awards were issued to AndCo, prior to becoming Mariner Institutional. The methodology: For the 2024-25 Coalition Greenwich Best Investment Consultant Award for Overall U.S. Investment Consulting – Midsize Consultants – Between February and September 2024, Crisil Coalition Greenwich conducted interviews with 699 individuals from 563 of the largest tax-exempt funds in the United States. For the 2023 Greenwich Best Investment Consultant Award for Overall U.S. Investment Consulting – Midsize Consultants – Between February and November 2023, Coalition Greenwich conducted interviews with 708 individuals from 575 of the largest tax-exempt funds in the United States. For the 2022 Greenwich Best Investment Consultant Award for Overall U.S. Investment Consulting – Midsize Consultants – Between February and November 2022, Coalition Greenwich conducted interviews with 727 individuals from 590 of the largest tax-exempt funds in the United States. For the 2021 Greenwich Best Investment Consultant Award – Overall U.S. Investment Consulting – Midsize Consultants – Between July and October 2021, Coalition Greenwich conducted interviews with 811 individuals from 661 of the largest tax-exempt funds in the United States. These U.S.-based institutional investors are corporate, public, union, and endowment and foundation funds with either pension or investment pool assets greater than $150 million. Study participants were asked to provide quantitative and qualitative evaluations of their asset management and investment consulting providers, including qualitative assessments of those firms soliciting their business and detailed information on important market trends.

TO: General Manager/ Chief Executive Officer

FROM: Chief Information Officer

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

DATE: May 13, 2026

Innovation

IT Operations Activities:

. Help Desk:

Opened Work Orders	Closed Work Orders
547	516

- Desktop Support Analysts are finishing up the final process refinements to the Microsoft Intune mobile device management implementation. Go live for late May/early June 2026 is still on target.
- The issuing of new cell phones to employees is on target and will continue over the next four to five months.

Linux Administrators:

- Conducted host-level activities and participated in Customer Cloud Service (CCS) workshop engagements to evaluate current security controls, validate compliance alignment, and identify operational and infrastructure improvement opportunities.
- Performed annual system document reviews and evaluated credential storage solutions to strengthen long-term security strategy, improve operational resilience, and align future technology initiatives with organizational objectives.
- Reviewed and participated in discussions regarding the Oracle Customer Cloud Service (CCS) Request for Proposal (RFP).
- Enhanced in-house incident response readiness through development and evaluation of an Incident Response Toolkit and by supporting Bare Metal Restore Testing to validate recovery procedures and improve organizational response capabilities.
- Worked on backup solution initiatives for the Operational Technology (OT) network and supported Oracle patch automation efforts to improve system interoperability, operational continuity, and infrastructure efficiency across environments.
- Conducted credential store evaluations and supported CISA penetration test scoping activities to assess authentication, access control, and security validation requirements across critical systems and environments.
- Resolved configuration management software issues and supported ongoing optimization initiatives to improve system reliability, operational efficiency, and overall infrastructure performance.
- Performed operating system upgrade activities and advanced Oracle patch automation processes to ensure systems remain current, secure, and aligned with vendor-supported security and operational standards.

Systems Engineering:

- Completed 32G fiber channel Small Form-factor Pluggable (SFP) upgrades to support connectivity between the Unified Computing System (UCS) infrastructure and HRSD's new storage environment.
- Performed network configuration activities to enable the ability for uploads of video by the new Motorola

Body Camera System being implemented by the Customer Care Center field staff.

- Continued deployment efforts for network switch replacements at the 1434 Air Rail complex.
- Supported ongoing infrastructure buildouts and network configurations for the James River Treatment Plant, Boat Harbor and Tabb pump stations.
- Performed advanced device Virtual Private Network (VPN) testing and collaborated with the vendor on the design of redundant and isolated site-to-site VPN environments.
- Supported HRSD's vendor to upgrade the 1434 Air Rail building automation system.
- Supported the Environmental Data System (EDS) deconsolidation initiatives with Industrial Automation Programmers and Emerson.
- Work continued with the SCADA top-end SolarWinds configuration efforts for system replacement initiatives.
- Performed Business IT SolarWinds updates and completed vSphere environment updates to maintain operational stability and platform performance.
- Replaced failed memory modules in the enterprise data system backup environment.
- Coordinated with ShoreCom to resolve Nansemond Treatment Plant fiber connectivity issues.
- Continued support and troubleshooting activities across infrastructure and operational technology environments to ensure reliability and system availability.
- Worked on advanced Microsoft Intune implementation efforts through mobile policy testing and kiosk deployments while continuing vulnerability remediation activities for workstations and servers.
- Support ongoing patching, compliance, and endpoint management initiatives to strengthen system security and operational consistency across environments.
- Successfully completed monthly backup recovery testing, including database recovery validation.
- Participated In quarterly business review activities to assess backup performance and recovery readiness.
- Continued efforts to validate business continuity and disaster recovery readiness.

Enterprise Applications Services:

Newly Opened Work Orders	Closed Work Orders
181	196

- Programming staff continue their work with Customer Care to move the Town of Smithfield from model 2 to a model 3 billing partner. Go Live continues to be on schedule for June 2026.
- Programming staff continue data cleanup efforts and documentation reviews in preparation for the start of the Oracle Cloud Service implementation anticipated to begin in June 2026.
- Web portal developers are expending efforts on HRSD's website redesign. Go-live has been rescheduled for September 2026 due to strained resources on the business and IT side.

Cybersecurity:

- Continued work on quarterly OT cybersecurity program reviews to reassess priorities, adjust delivery timelines, and align execution with evolving operational demands and threat conditions. Ensured continued alignment with strategic objectives while maintaining flexibility to respond to real-world events.
- Prepared for the upcoming MAY CISA penetration testing on HRSD business systems.
- Cybersecurity staff worked with several business divisions in review of ongoing project and upcoming project implementation to assess cyber risks and to align cyber best practices.

Division collective work efforts:

Description	Projects In Progress	Projects In Queue
Large Maintenance Projects	16	8
Other Enterprise Projects	77	53
Total Projects	**89**	**45**

- ServiceNow project work continues. This continues to be a slow-moving and heavy-lift project with schedule changes occurring due to the tight integration of the Intune project and IT resourcing issues. Both projects require the same staffing resources.
- Microsoft 365 Purviews work related to Data Governance and Data Loss Prevention (DLP) continues. Data collections and testing continue. Initial rollout of DLP rules in the M365 environment is expected to occur next month.
- IT staff are actively working on 95 projects, 23 considered large maintenance projects. with 30 projects on the intake cue.

Talent

- A cross section of IT Operations, Enterprise Application Services and Cyber staff participated in a two-day Oracle Cloud Workshop to prepare for the upcoming implementation of Customer Cloud Service. This workshop provided key knowledge on how they'll perform their job functions working on the Oracle Cloud and a technical understanding of the difference between our current on-premises Customer Care and Billing system and the cloud.
- Several staff members across IT and Cyber attended the Microsoft 365 Community conference which provided valuable insight into current and emerging Microsoft 365 capabilities related to cybersecurity, governance, collaboration, automation and AI. The conference enabled direct engagement with Microsoft experts and peer organizations to identify best practices, implementation strategies to improve operational efficiency and data protection.
- A few Senior System Engineers participated in training for HRSD's new storage system to expand technical knowledge and support.
- Mr. Mario Guiterrez, new Senior Systems Engineer, began his new position.

Community Engagement

- Roger Caslow, CISO, continue participation in meetings related to strengthening the Hampton Roads cybersecurity collaboration, knowledge-sharing, and regional alerting posture.

Respectfully,

Mary Corby

Chief Information Officer

TO: General Manager/Chief Executive Officer

FROM: Chief Operating Officer

SUBJECT: Operations Monthly Report for April 2026

DATE: May 13, 2026

Community Engagement

Staff participated in several community events as follows:

1. On April 1, Mr. Sam McAdoo, Ms. Stephanie Klaus, and Dr. Charles Bott visited Tangier Island to meet with the Mayor and Town Council Member regarding proposed wastewater collection system and treatment plant. The team also retrieved treatment plant data loggers installed during a previous site visit.

2. On April 25, South Shore (SS) Interceptor Operations staff participated in the Junior League Touch-A-Truck event at Greenbrier Mall in the City of Chesapeake. Mr. Mike Etheridge, Interceptor Foreman; Mr. Erik Hamilton, Interceptor Technician; and Mr. Brandan Hallman, Interceptor Technician, supported the family-friendly event by showcasing HRSD equipment and educating attendees on HRSD and the importance of wastewater treatment.

3. On April 28, Ms. Mackenzie Rickard, Engineering Specialist with SS Interceptor Operations, participated in the Virginia Water Environment Association (VWEA) and the Virginia Section of the American Water Works Association (VA AWWA) Work for Water Committee outreach event at Saunders Middle School in Manassas. She presented various career paths in the water sector.

Environmental Responsibility

Treatment and Interceptor System Reportable Items:

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

Internal Air and Odor Compliance:

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

1. The James River Treatment Plant (JRTP) had three odor scrubber exhaust exceptions for scrubber hydrogen sulfide (H_2S) levels above five parts per million (ppm). One exception

was caused by a malfunctioning H_2S sensor, one was due to low chemical feed, and the last caused by a malfunctioning chemical feed pump.

2. The Williamsburg Treatment Plant (WBTP) had four odor scrubber exhaust exceptions for scrubber H_2S levels above eight ppm. Three odor exceptions were due to chemical optimization efforts for odor control, and one was caused by a malfunction of the chemical feed system.

3. The York River Treatment Plant (YRTP) had two odor scrubber exhaust exceptions for scrubber H_2S levels above 5 ppm. Both were caused by malfunctioning chemical feed pumps.

4. Atlantic Treatment Plant (ATP) received 13 odor complaints for the month of April, primarily due to meteorological conditions carrying plant odors off-site towards the Ocean Lakes neighborhood. A few of the odor complaints were associated with the odor control system (OCS) B & D, which were resolved by staff. Increased digester gas odors also occurred during a significant tilt in the Digester #2 cover, allowing gas to escape through the liquid surface. Corrective repairs are scheduled for late May when the digester can be taken out of service. In addition, emergency repairs were completed on Primary Clarifier #5 to maintain process and permitting requirements. Staff will continue efforts to mitigate and correct odor issues as they arise.

5. Nansemond Treatment Plant (NTP) staff worked with contractors to switch fats, oil, and grease (FOG) facility boiler to operate using hydrotreated vegetable oil (HVO) for heating the FOG process tanks. While HVO has a higher operating cost than the previous fuel source, it is expected to burn cleaner and reduce maintenance requirements until a permanent solution is implemented as part of the new digester project.

6. As a part of Advanced Nutrient Reduction Improvements (ANRI) construction maintenance of plant operations at NTP, staff removed Primary Clarifiers #3 AND #4 out of service for contractors to install bypass piping associated with the new lines to the influent distribution box connections. Primary Clarifier #5 and the new bio-scrubber were placed in service. Start-up issues with the bio-scrubber caused offsite odors, which were identified by staff. Technical Services Department (TSD) staff assisted with odor monitoring and coordinated with the contractor regarding odor control expectations.

7. On April 22, SS Interceptor Operations received an odor complaint from a resident near the Powhatan Avenue Pump Station in Norfolk. Staff investigated and determined the odor originated from the contractor bypass system associated with the Larchmont Area Sanitary Sewer Improvements project (VP015320). The contractor agreed to install odor control measures at the affected manhole to correct the issue.

Additional Topics of Interest:

1. JRTP Projects
    a. ANRI project,
        I. The center column, rake arm, catwalk and outside launders were installed in Secondary Clarifier #3.

II. Conduit installation from the south electrical building to the junction splitter box was completed, and the wires were pulled.
III. Work on the new administration building, heating, ventilation, and air conditioning work, punch list items, furniture installation, and parking area grading are complete. Work continues on the storm water pond in the area.

b. Sustainable Water Initiative for Tomorrow (SWIFT)
I. The project, startup, and checkout of equipment continued along with floor coating and electrical installation in both SWIFT Buildings #1 and #2.
II. In SWIFT building #2, installation of gravel continued for filters. Control system checks out and debugging is progressing. Well pump station work centered mostly on work inside the buildings, except for Pump Stations #5 and #6, which were closed in with roof installations.

2. Electrical and Instrumentation (E&I) staff tested the medium voltage switchgear at Boat Harbor Treatment Plant (BHTP), and issues arose that caused abnormal and potentially unsafe conditions. Outside contractors have been working with E&I staff for next steps. A temporary generator has been staged onsite and is available if needed.

3. The total volume of SWIFT recharge into the Potomac aquifer for the month of April was much lower than normal, at 0.92 million gallons (MG) and representing approximately 3.3 % recharge time based on 650 gallons per minute (gpm). Recharge operations were impacted by several issues as follows:

a. Priming issues with the influent pump station after shutdown for contractor activities.
b. Repairs to the hoseless cable-vac sludge collector; a bad bushing needed to be replaced.
c. Replacement and conditioning of granular activated carbon (GAC) media.
d. Precautionary shutdowns related to the oil spill in the collection system.

4. The Virginia Department of Environmental Quality (DEQ) performed a plant inspection of the KWTP and found no deficiencies. DEQ also complimented staff on proficiency using the Operations and Maintenance manual as a reference. Staff replaced multiple jet motive pumps to increase dissolved oxygen (DO) in the aerobic zones, and the new Kubota membrane system was delivered and placed on the recently constructed concrete pad.

5. At the Onancock Treatment Plant (ONTP), staff worked with the machine shop to fabricate equalization plates to better flatline flow through the plant and help with phosphorous removal and denitrification. The Train 2 membranes were replaced this month, and trend membrane performance will be monitored. It is estimated we will see at least five years of good performance prior to having to replace membranes again.

6. South Shore (SS) Interceptor Operations supported multiple emergency repair and maintenance activities involving private and municipal force mains in Virginia Beach. Staff assisted Forrest Sewer Pump Service with a private force main failure at the Harbor Inn Apartments and supported the City of Virginia Beach Public Utilities with force main

repairs and pump station maintenance near Independence Boulevard. In each case, staff operated system branch valves to facilitate repair and maintenance activities.
South Shore (SS) Interceptor Operations supported the City of Chesapeake Public Utilities with multiple force main repair activities near Bainbridge Boulevard, Great Bridge Boulevard, and Cedar Road. Staff operated system branch valves to facilitate repair and maintenance activities. In addition, staff responded to a sewage release from an air vent casting on Perry Street, successfully containing the leak and preventing discharge into the storm sewer system. Repairs included replacement of the failed corporation stop, air vent riser, and ball valve.

7. On April 28, during preventative maintenance, SS Interceptor Operations staff found an air vent riser failure on Raby Road in Norfolk. Staff immediately mobilized a construction crew, excavated around the air vent, and replaced the riser pipe thus preventing a potential sewage leak.



Financial Stewardship

1. While a contractor (MEB) continues installation of the new tanks and piping within the containment area for the Virginia Initiative Plant (VIP) calcium carbonate ($CaCO_3$) system, staff are completing installation of the non-potable water (NPW) and $CaCO_3$ feed lines in-house. This effort, led by Mr. Jacob Hoagland, Lead Operator, avoided significant contractor cost and reduced overall project expenses. Taking on small projects in house is providing cost savings across the board.

2. On April 23, SS Interceptor Operations assisted ATP by cleaning the FOG receiving well removing approximately 1,000 gallons of debris to maintain peak operating efficiency. By utilizing internal resources, this effort resulted in cost savings of approximately $2,000.

3. On April 28, SS Interceptor Operations partnered with NTP staff to clean the Regional Residuals Facility (RRF) removing approximately twelve cubic yards of material from the grit traps to maintain peak operating efficiency. By working together and utilizing internal resources, this effort resulted in cost savings of approximately $12,000.

4. Material Transportation & Logistics (MTL) Staff hauled 43 loads of ash totaling 369 dry tons. Staff also hauled 130 loads of Primary Clarifier Solids (PCS), and 149 loads of Thickened Waste Activated Biosolids (TWAB) for a total of 1,590,000 gallons. In addition, staff hauled 80 loads from ATP to McGill totaling 1830 wet tons and seven loads from ATP to Waste Management's Big Bethel Landfill totaling 151 wet tons.

5. The Construction Support Team (CST) continues to successfully deliver multiple projects in-house, providing high-quality work while reducing reliance on outside contractors. These efforts continue to improve project delivery timelines, increase operational flexibility, and reduce overall project costs.

Innovation

1. Small Communities Department (SCD) staff continue optimizing dissolved oxygen (DO) levels at the Urbanna Treatment Plant and evaluating the installation of a plant programmable logic controller to enable automatic DO control in the treatment process.

2. HRSD staff recently contributed to the publication of two technical papers focused on process optimization and nutrient removal advancements in wastewater treatment:

    - Mr. Kester McCullough, Dr. Charles Bott, and Mr. Peter Vanrolleghem published a review on the adaptation of ammonia oxidizing bacteria to low DO concentrations and its impact on biological nutrient removal. *Environ. Sci.: Water Res. Technol.*, 12, 1062-1078, DOI https://doi.org/10.1039/D5EW00844A.
    - Dr. Alexandria Gagnon, Mr. Kester McCullough, and Dr. Charles Bott published research on the development of a reduced-order model for optimizing ammonia-based aeration control system tuning and improving process performance. *Water Environment Research*, 98, 3, https://doi.org/10.1002/wer.70351.

3. NS Interceptor Operations staff participated with the Digital Solutions Team in a review of the ANYBotics/ANYmal robotic inspection demonstration presentation, which highlighted potential applications for robotic infrastructure inspections.

Talent

1. At WBTP, Mr. William Honeycutt, maintenance Lead Operator, obtained a Class 1 Virginia Wastewater Works License.

2. At YRTP, Mr. Zach Hulstine, Maintenance Lead Operator, obtained a Class 2 Virginia Wastewater Works License.

3. Mr. Raynard Brown was selected as the first Process Specialist for the ATP.

4. Mr. Nicholas Lamprecht was promoted to Lead Operator at the NTP.

5. At ONTP, Mr. Howard Cook obtained a Class 2 Virginia Wastewater Works License.

6. Mr. Jeremiah Burford was promoted to Senior Project Manager and will lead the Construction Support Teams in implementing capital improvements and operational projects.

7. Mr. Nick Snyder was selected as the first Process Specialist at VIP.

8. NS Interceptor Operations would like to welcome Mr. Phillip Woodward as a Maintenance Technician.

9. NS Interceptor Operations would like to congratulate Mr. Bradley ‘BJ’ Conner on his promotion to Shop Foreman.

10. SS Interceptor Operations would like to congratulate Mr. Spencer Wise and Mr. Cory Hornick on their promotion from Maintenance Assistant to Interceptor Technician.

11. On April 7, SS Interceptor Operations staff conducted semi-annual training at the Chesapeake-Elizabeth Treatment Plant. The full-day training included hands-on instruction in heavy equipment operations, lockout/tagout safety procedures, air vent replacement, full-circle clamp installation, and pipe cutting. Staff from 50 SS Interceptor Operations and SCD participated in the training.

Respectfully submitted,

Eddie M. Abisaab, PE, PMP
Chief Operating Officer

Attachment: MOM Reporting

MOM Reporting Numbers

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

TO: General Manager/CEO

FROM: Chief People Officer

SUBJECT: Monthly Report for March 2026

DATE: April 28, 2026

Talent

Continuous Learning / Innovation

Commitment to Excellence

Talent Management

In April 2026, the Talent Management Division continued supporting HRSD's workforce and operational goals through strong recruitment, employee development, and safety initiatives. Human Resources hosted two successful Operations job fairs while also advancing policy revisions and employee engagement efforts. Learning and Development continued expanding workforce development programs, apprenticeship initiatives, and career coaching opportunities. Safety and Security maintained focus on training, inspections, hurricane preparedness, and facility security enhancements.

Human Resources (HR)

Talent Acquisition

- Hosted two Operations-focused job fairs in April
  - North Shore
  - South Shore
- Events included:
  - Informational booths
  - Facility tours
  - On-site interviews
- Collaborative planning and execution involved
  - Operations
  - Learning & Development
  - Human Resources staff
- Outcomes
  - 183 total attendees
  - 50% of participants moved forward in the hiring process
- Additional staffing efforts included
  - 23 new recruitment campaigns launched

- 21 accepted job offers secured

Policy & Process Improvements

- Continued revision of key HRSD policies
  - Corrective Action
  - Standards of Conduct
  - Grievance Procedures
- Ongoing review of the HR Manual to improve
  - Organization
  - Readability
  - Overall usability

Employee Recognition & Engagement

- Awardco platform engagement increased slightly
  - 26.94% of HRSD staff logged into the platform
- Recognition activity included
  - 145 peer recognitions
  - 67 service anniversary recognitions
  - 74 birthday recognitions
  - 5 retirement recognitions
  - 4 new employee welcomes

Wellness Program

- 2026–2027 Wellness year launched successfully through the new Vitality platform
- Current registration totals
  - 488 employees
  - 65 spouses

Learning and Development (L&D)

Training & Leadership Development

- Continued delivery of core training and workforce development initiatives
- Hosted Teamwork and Problem-Solving (TAPS) training for new employees, focused on
  - Collaboration
  - Foundational problem-solving skills
- LAMA cohort participated in Inclusion training to strengthen
  - Leadership awareness
  - Respectful workplace practices
  - Collaboration and inclusion

Strategic Partnerships & Outreach

- Participated in exploratory meetings with Water Quality regarding potential partnerships with
  - Old Dominion University
  - Conservation Corps program
- Discussions focused on:
  - Public awareness

    - Community engagement
    - Employment opportunities

Apprenticeship Program

- Completed Term 4 and began Term 5
- Program activity included:
    - 15 sections
    - 13 courses
- Three apprentices qualified for training increases
- Outreach efforts included:
    - Two open house events
    - Two career fairs
- National Apprenticeship Week activities included:
    - Appreciation lunches at:
        - NS Operations Center
        - SS Main Office
    - Gifts distributed to apprentices and instructors

Career Pathways Program

- One year after relaunch, engagement remains strong
    - Career development meetings reached approximately 11% of employees
- Workforce Development Onsite Sessions at treatment plants resulted in
    - More than 25 employees utilizing coaching and career resources over the past two months
- Areas of strong employee interest
    - Resume preparation
    - Interview coaching
    - Career planning
    - Continuing education support

Safety and Security (S&S)

Safety Operations

April Safety Inspections & Training	
Activity	**Metric**
Safety Inspections	5
Safety Training Sessions	16
Construction Site Walks	19
Contractor Safety Briefings	7

- Annual respirator fit testing completed for seven work centers to maintain compliance with
    - HRSD respiratory protection requirements
    - Occupational Safety and Health Administration standards

Hurricane Preparedness

- Hurricane locker inspections completed for all work centers

- Hurricane Plan distributed to upper management for review and revision
- Planning initiated for a summer tabletop exercise to
    - Evaluate emergency coordination
    - Test response capabilities
    - Identify preparedness gaps
    - Improve organizational readiness

Security Operations

- Conducted two physical security inspections to assess
    - Facility protection measures
    - Operational vulnerabilities
- Completed investigation related to unauthorized visitor/theft incident at Middle Peninsula Operations Center, including
    - Access procedure review
    - Personnel interviews
    - Surveillance and security assessments
- Body-worn cameras purchased for CCC field technicians
- Motorola Solutions / MCA
    - Conducted setup
    - Provided supervisor training
    - Continued coordination meetings regarding upcoming Motorola Software Solutions integration

April Incident Summary		
Event	April	Previous Month
Auto Accident/property damage incident	0	9
Work-related injuries requiring medical attention	6	3
Accidents resulting in lost time	1	0

Respectfully submitted,

Christina Gibson

Chief People Officer

TO: General Manager/ Chief Executive Officer

FROM: Chief of Water Quality (CWQ)

SUBJECT: Monthly Report for April 2026

DATE: May 13, 2026

Environmental Responsibility

HRSD's Regulatory Activities:

- Monthly Discharge Monitoring Report (DMR) Summary and Items of Interest: Effluent and Air Emissions Summary.
- 9 Permit Exceedances out of 46,554 Total Possible Exceedances to date in FY2026.
- 142.2 million pounds of pollutants removed to date in FY2026.
- HRSD received a draft VPDES permit for Onancock TP on April 27.

Pretreatment and Pollution Prevention (P3) Program Highlights:

- No civil penalties were issued in April.

Environmental and Regulatory Advocacy

Chief participated in the following advocacy and external activities:

- Working with both the Virginia Water Environment Association (VWEA) and the Water Agency Leaders Alliance (WALA) teams, met with Virginia's Congressional members and staff during Water Week. Advocacy efforts focused largely on affordability and infrastructure funding.
- Virginia Forever Executive Board Meeting for a post-General Assembly session review and budget update.

Financial Stewardship

- HRSD's Municipal Assistance Program (MAP)
    - Provided sampling and analytical services on a cost-reimbursement basis to the following:
        - City of Franklin
        - City of Hopewell
        - Northumberland County
        - Prince William County
        - Western Virginia Water Authority
        - Westmoreland County

Community Engagement

- Supported a tour of the Riverview Farm Park Trail and Living Shoreline for the Virginia Land Conservation and Greenways Conference.
- Microbial Source Tracking (MST) partnering localities and projects.
    - City of Chesapeake (Southern Branch)
    - City of Hampton (southeast)
    - City of Newport News (Government Ditch)
    - City of Suffolk (downtown)
    - City of Roanoke
    - James City County

Respectfully submitted,

Jamie S. Heisig-Mitchell
Chief of Water Quality

EFFLUENT SUMMARY FOR APRIL 2026

PLANT	FLOW mgd	% of Design	BOD mg/l	TSS mg/l	FC #/UBI	ENTERO #/UBI	TP mg/l	TP CY Avg	TN mg/l	TN CY Avg	CONTACT TANK EX
ARMY BASE	8.42	47%	3	2.8	5	2	0.26	0.25	3.4	4.0	16
ATLANTIC	42.08	78%	12	17	2	<1	NA	NA	NA	NA	16
BOAT HARBOR	10.20	41%	6	2.7	1	<1	0.39	0.27	10	12	4
CENT. MIDDLESEX	0.013	53%	<2	1.7	<1	<1	NA	NA	NA	NA	NA
JAMES RIVER	11.29	56%	4	4.5	1	1	0.24	0.47	3.9	5.0	2
KING WILLIAM	0.096	96%	<2	0.64	NA	1	0.21	0.17	3.1	2.5	NA
NANSEMOND	15.82	53%	8	10	16	<1	1.0	1.0	3.7	4.4	2
ONANCOCK	0.249	33%	<2	<1.0	<1	2	0.17	0.16	4.9	5.5	NA
CHINCOTEAGUE (SB)	0.015	38%	<2	1.2	1	1	NA	NA	NA	NA	0
URBANNA	0.057	57%	3	9.3	1	2	3.0	2.6	16	12	NA
VIP	24.40	61%	4	2.1	1	1	0.16	0.31	3.1	3.9	5
WEST POINT	0.349	58%	19	8.4	1	1	3.7	3.0	20	20	0
WILLIAMSBURG	8.12	36%	4	3.2	3	2	0.90	0.82	2.1	2.8	31
YORK RIVER	11.34	76%	5	1.5	1	1	0.16	0.20	4.9	5.9	29
	132.44										

	% of Capacity
North Shore	50%
South Shore	64%
Small Communities	46%
King William Reuse	0.069

AIR EMISSIONS SUMMARY FOR APRIL 2026

	No. of Permit Deviations below 129 SSI Rule Minimum Operating Parameters							Part 503e Limits		
MHI PLANT	Temp 12 hr ave (F)	Venturi(s) PD 12 hr ave (in. WC)	Precooler Flow 12 hr ave (GPM)	Venturi Flow 12 hr ave (GPM)	Tray/PBs Flow 12 hr ave (GPM)	Scrubber pH 3 hr ave	Any Bypass Stack Use	THC Mo. Ave (PPM)	THC DC (%)	BZ Temp Daily Ave Days >Max
BOAT HARBOR	0	0	0	0	0	0	1	6	89	0
VIP	0	2	0	0	0	0	1	19	94	0
WILLIAMSBURG	0	0	0	0	0	0	0	48	45	0

ODOR COMPLAINTS

ARMY BASE	0
ATLANTIC	13
BOAT HARBOR	0
JAMES RIVER	0
NANSEMOND	0
VIP	0
WILLIAMSBURG	1
YORK RIVER	0
NS OPS	0
SS OPS	0
SCD	0
NON-HRSD	0

Items of Interest – April 2026

MULTIPLE HEARTH INCINERATION (MHI)

Total Hydrocarbon (THC) monthly averages (not to exceed 100 ppm) were met by all three operating MHI plants (Boat Harbor, Virginia Initiative, and Williamsburg). The THC continuous emissions monitoring (CEM) valid data capture was 45% or more.

The three operating MHI plants had two (2) 129 operating parameter deviations and two (2) minor uses of the emergency bypass stack (<60 minutes), and zero (0) reportable uses of the MHI bypass (>60 minutes).

On 4/8/2026 DEQ provided their approval of the Stack Test Protocol for VIP's full 129/MMMM test on MHI #2 scheduled for 4/30/2026.

On 4/10/2026 the 2025 Annual Update Reports (including throughput and emission statements) for ATP, NTP, and the four Title V MHI plants were submitted to DEQ.

On 4/29/2026 the Annual Compliance Reports for the period of 4/1/2025 through 3/31/2026 were submitted to DEQ for the four Title V MHI plants.

On 4/30/2026 Virginia Initiative Treatment Plant completed a full 129/MMMM emissions limit stack test on MHI #2. Final analytical results are pending, but field results from the testing contractor's CEMS showed gas (NO_X, SO_2, & CO) results below 75% of their respective limits.

On 4/30/2026 Virginia Initiative Treatment Plant also completed a Full Title V Compliance Evaluation conducted by DEQ and all requested documentation was provided. We are awaiting DEQ's review of the inspection documents and compliance inspection approval.

In April, our contracted Stack Test company (Grace Consulting, Inc.) was acquired by Alliance Technical Group. Alliance will be performing HRSD's emissions testing services in accordance with the existing contract we had with Grace Consulting until it expires at the end of this year.

AIR PERMITS and ODOR CONTROL

There were a total of fourteen (14) odor complaints this month.

Atlantic Treatment Plant received thirteen (13) odor complaints. Eight (8) of these complaints came from a neighbor on Kitimal Drive. The other five (5) complaints came from other Ocean Lakes neighbors. More frequent worst case meteorological conditions associated with warmer months have begun. Plant staff responded to these complaints and took corrective actions as needed, including cleaning and adjustments to OCSs and working to keep digester pressures down.

Communications personnel provided responses to our neighbors as appropriate and TSD recorded the complaints in the air permit required odor complaint log.

Williamsburg Treatment Plant received one (1) odor complaint from a neighbor in the nearby Grove neighborhood. WB Ops investigated and drove through the area and could not detect any plant odors downwind. Adjustments were made to OCS A, and dewatering bay doors were closed. A secondary clarifier was being drained on the day of the complaint, and plant staff added NPW to dilute the remaining liquid being drained.

TREATMENT

Army Base
On April 13, a break in the Non-Potable Water (NPW) line for Odor Control A resulted in the release of NPW. Approximately 1,000 gallons were unrecoverable from the ground and storm drain.

Boat Harbor
On April 6, an intermittent loss of dechlorination occurred for approximately 47 minutes while staff troubleshot a leaking bisulfite pump.

Nansemond
On April 1, SWIFT process tanks overflowed during the quarterly shutdown when power to the drain pumps was tripped. Once the overflow was discovered, pumps were reset, bringing the well level down and stopping the spill. Maintenance responded immediately, capturing the majority of the spill. Approximately 4,000 gallons of SWIFT process water was released, with 3,500 gallons recovered. The remaining 500 gallons of SWIFT process water were released to the ground.

On April 7, secondary clarifier effluent (SCE) was released from a check valve while attempting to prime the influent pumps to send water to the SWIFT facility. Staff closed the valve, stopping the release. Approximately 50 gallons of SCE were unrecoverable from the ground.

On April 23, while contractors operated a diesel pump during a construction shutdown, a hose broke free from the receiving tank releasing Return Activated Sludge (RAS) to the ground. Plant staff used a vac trailer to recover 750 gallons from the ground. The remaining 3,750 gallons of RAS were unrecoverable.

York River
On April 2, a low chlorine residual of 0.07 mg/L was recorded after an operator rotating Return Activated Sludge (RAS) pumps inadvertently failed to open a crossover valve. This caused an increase in chlorine demand as solids overfilled Secondary Clarifier 2. Once the issue was discovered, the valve position was corrected, decreasing flow to the Clarifier and increasing the RAS pump rate. The

chlorine dosage was also increased for the next two residual readings until the Secondary effluent issue was resolved and the disinfection process returned to normal operations.

SYSTEM

On April 10, the City of Norfolk reported a sewage spill near Gramel Street and W. Westmount Avenue. Previous calls were received on March 8 and April 4 but upon excavation a source could not be located and it was determined to be City of Norfolk infrastructure. While investigating this latest incident, a failure originating from an abandoned section of 20-inch prestressed concrete cylinder pipe (PCCP) still connected to an HRSD active force main was discovered. Staff isolated flows and pumped sewage from the area while the damaged section of PCCP was repaired. Approximately 8,625 gallons of raw wastewater were released, with 4,875 recovered. The remaining 3,750 gallons entered a storm drain leading to Oastes Creek (Willoughby Bay).

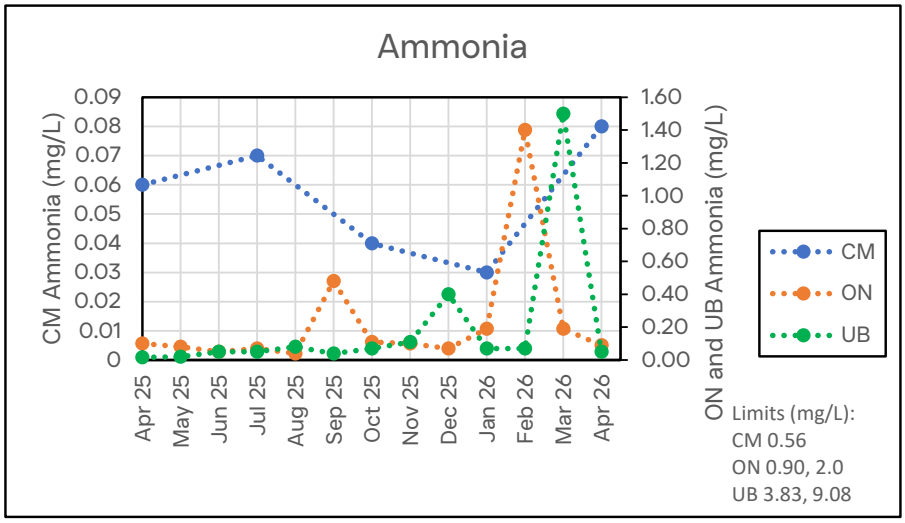
SYSTEM/TREATMENT, SMALL COMMUNITIES, AND EASTERN SHORE

<u>King William</u>
On April 17, the fine screen on Treatment Train 2 was found to be blinded causing Raw Wastewater Influent (RWI) to overflow the screenings containment drain area. Staff cleaned the screen to correct the blinding and flow returned to the treatment train as normal. HRSD is working to implement an alarm on the containment area that would page out to on-call personnel in the event of water filling the containment drain area. Approximately 3,000 gallons of RWI were released to the ground.

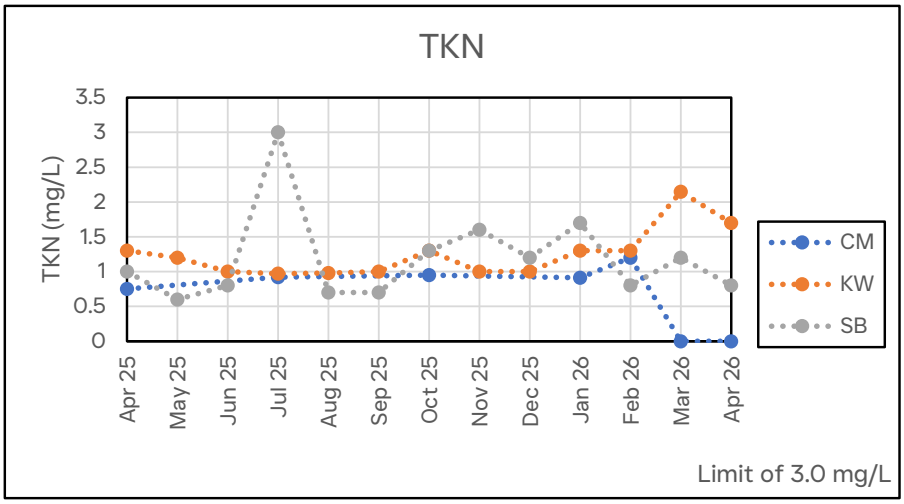
LABORATORY

For the week of April 26, 2026, the Urbanna STP (VA0026263) did not meet the required Ammonia monitoring frequency of 1 Day/Week. A composite sample was collected on Tuesday April 28. The analysis on Friday May 1 failed to meet QA/QC requirements. The result of 0.13mg/L was flagged IA6, possible matrix interference. The appropriate personnel were not made aware of the situation within the weekly sampling window, resulting in a missed sample result for the week. We are committed to preventing a recurrence of this issue and have revised our notification protocols to ensure that any flagged analysis identified within the monitoring period can be promptly resampled within the required weekly timeframe.

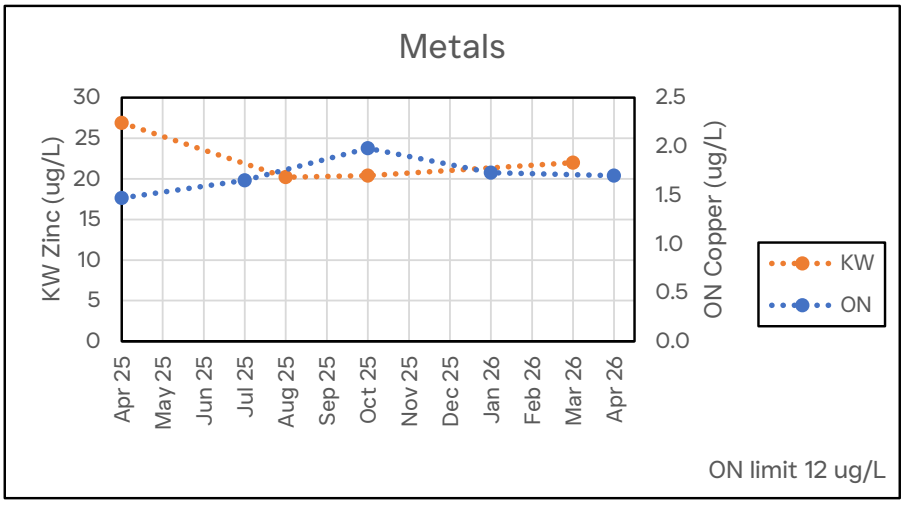
	Ammonia		
	CM	ON	UB
Apr 25	0.06	0.10	0.02
May 25		0.08	0.02
Jun 25		0.05	0.05
Jul 25	0.07	0.07	0.05
Aug 25		0.04	0.08
Sep 25		0.48	0.04
Oct 25	0.04	0.11	0.07
Nov 25		0.10	0.11
Dec 25		0.07	0.40
Jan 26	0.03	0.19	0.07
Feb 26		1.4	0.07
Mar 26		0.19	1.5
Apr 26	0.08	0.09	0.05



	TKN		
	CM	KW	SB
Apr 25	0.75	1.3	1.0
May 25		1.2	0.60
Jun 25		1.0	0.80
Jul 25	0.92	0.97	3.0
Aug 25		0.98	0.70
Sep 25		1.0	0.70
Oct 25	0.95	1.3	1.3
Nov 25		1.0	1.6
Dec 25		1.0	1.2
Jan 26	0.91	1.3	1.7
Feb 26	1.2	1.3	0.80
Mar 26	<0.40	2.1	1.2
Apr 26	<0.40	1.7	0.80



	Zinc	Copper
	KW	ON
Apr 25	27	1.5
May 25		
Jun 25		
Jul 25		1.7
Aug 25	20	
Sep 25		
Oct 25	20	2.0
Nov 25		
Dec 25		
Jan 26		1.7
Feb 26		
Mar 26	22	
Apr 26		1.7



Hampton Roads Sanitation District
Internal Audit Status
April 30, 2026

SC&H prepared the following Internal Audit Status document for the HRSD Commission. The status includes a summary of projects in process, upcoming projects, and management action plan updates.

I. Projects in Process

Grants Management

- **Completed Tasks (April 2026)**
  - Conducted planning closeout meetings with HRSD management.
  - Communicated and received fieldwork documentation requests.
  - Continued drafting report.
- **Upcoming Tasks (May 2026)**
  - Communicate additional fieldwork requests
  - Communicate initial fieldwork observations.

Risk Assessment

- **Completed Tasks (April 2026)**
  - Analyze risk assessment survey responses.
  - Completed risk assessment analysis and developed suggested FY27 Internal Audit Plan.
  - Finalized and presented FY27 Internal Audit Plan to HRSD Commission and management.

II. Upcoming Internal Audits

- AI Governance and Operations (May/June 2026)
- Accounts Payable Internal Audit (May 2026)

III. Management Action Plan Status

SC&H performs on-going management action plan (MAP) monitoring for completed internal audits/projects.

- SC&H begins MAP follow-up approximately one year following the completion of each audit and periodically follows up until conclusion.
- For each recommendation noted in an audit report, SC&H gains an understanding of the steps performed to address the action plan and obtains evidence to confirm implementation, when available.
- The following describes the current project monitoring status. This listing does not include audits which were determined by HRSD Management and the Commission to include confidential or sensitive information.

		Recommendations		
Audit / Project	**Next Follow-up**	**Closed**	**Open**	**Total**
Personally Identifiable Information (PII)	May 2026	1	2	3
CEL Assessment	May 2026	0	5	5
Closed Audit/Projects (x23)	Closed	142	0	142
	Totals	143	7	150

Strategic Measures
April 2026

Strategic Planning Measure	Mar-26	Apr-26	FY-26
Educational and Outreach Events	18	23	149
Number of Community Partners	19	22	164
Number of Technical Presentations	5	1	31
Number of Technical Publications	0	2	5
Revenue vs. Budget	76%	85%	85%
Wastewater Expenses vs. Budget	62%	69%	69%
Accounts Receivable (HRSD)	$51,188,231	$51,518,878	$55,846,736
Aging Accounts Receivable	33.50%	33.00%	31.65%
Turnover Rate wo Retirements	0.33%	0.11%	3.52%
Turnover Rate w Retirements	0.55%	0.33%	6.04%
Avg Time to Hire (Posting to Acceptance)	3 months 3 days	2 months 19 days	3 months 6 days
Number of Vacancies	80	68	72
Average number of applicants per position	8.0	7.7	6.5
Percentage of positions filled with internal applicants	23.8%	42.9%	31.0%
Recruitment source Return on Investment	*	*	*
Avg Time to Hire (Acceptance to NEO)	33.36	38.11	*
Customer Call Wait Time (mins)	5.36	4.30	6.07
Capacity Related Overflows with Stipulated Penalties (Reported Quarterly)	*	*	*
Non-Capacity Related Overflows with Stipulated Penalties (Reported Quarterly)	*	*	*
TONS OF CARBON: Tons of carbon produced per million gallons of wastewater treated Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated.	N/A	N/A	0
GAS CONSUMPTION: Tons of carbon produced per million gallons of wastewater treated Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated.	N/A	N/A	*
ELECTRICITY CONSUMPTION: Tons of carbon produced per million gallons of wastewater treated Energy consumed (gas (scfm) and electricity (kWh)) per million gallons of wastewater treated.	N/A	N/A	0
Cumulative CIP Spend	$445,220,000		$457,900,000

*Not currently tracking due to constraints collecting the data.
** Updated after EPA Quarterly Report submittal.
***Billing is one month behind

Strategic Measures

April 2026

Community Partners		
Date	**Division**	**Event**
04/02/2026	Communications	Hampton City Schools
04/03/2026	Communications	Chesapeake Public Schools
04/03/2026	Operations	Old Dominion University
04/08/2026	Communications	Tidewater Community College
04/13/2026	Communications	Middlesex County Public Schools
04/13/2026	Engineering	Middlesex County Public Schools
04/14/2026	Communications	Virginia Beach City Public Schools
04/17/2026	Communications	Virginia Beach City Public Schools
04/17/2026	Operations	Hidenwood Elementary School
04/17/2026	Finance	Virginia Beach City Public Schools
04/20/2026	Operations	City of Newport News
04/20/2026	Operations	City of Williamsburg
04/21/2026	Operations	City of Poquoson
04/22/2026	Communications	King and Queen Co Public Schools
04/22/2026	Operations	James City County Service Authority
04/23/2026	Water Quality	Poquoson City Public Schools
04/24/2026	Communications	Virginia Beach City Public Schools
04/24/2026	Operations	Virginia Beach City Public Schools
04/24/2026	Water Quality	Virginia Beach City Public Schools
04/25/2026	Communications	A & N Electrical Cooperative
04/25/2026	Operations	A & N Electrical Cooperative
04/27/2026	Communications	Walsingham Academy
04/27/2026	Operations	City of Hampton
04/27/2026	Operations	Gloucester County
04/27/2026	Water Quality	Walsingham Academy
04/28/2026	Communications	Virginia Beach City Public Schools
04/29/2026	Communications	Virginia Land Conservation & Greenways Conference

Strategic Measures

April 2026

Community Partners		
Date	**Division**	**Event**
04/29/2026	Engineering	Virginia Land Conservation & Greenways Conference

Educational Outreach			
Date	**Division**	**Event**	**Community Partner**
4/1/2026	Water Quality	WQSB and CEL tour for a CNU student	CNU
4/1/2026	Operations	ATP tour of the new RNG site to VNG and JCI	VNG and JCI
4/2/2026	Communications	SWIFT RC Tour - Hampton High School	Hampton City Schools
4/3/2026	Operations	VIP Tour to ODU	Old Dominion University
4/3/2026	Communications	Classroom presentation to Deep Creek Elementary School	Chesapeake Public Schools
4/8/2026	Communications	SWIFT RC Tour - Tidewater Community College	Tidewater Community College
4/9/2026	Engineering	JMU VWEA School Outreach	James Madison University
4/13/2026	Communications	HRSD Overview/Engineering Classroom Outreach event - Middlesex Elementary School	Middlesex County Public Schools
4/13/2026	Engineering	HRSD Overview/Engineering Classroom Outreach event - Middlesex Elementary School	Middlesex County Public Schools
4/14/2026	Communications	SWIFT RC Tour and activity - Kingston Elementary	Virginia Beach City Public Schools
4/15/2026	Operations	ATP tour to Waste Management staff	Waste Management
4/17/2026	Communications	Career Day information table - Arrowhead Elementary	Virginia Beach City Public Schools
4/17/2026	Finance	Career Day information table - Arrowhead Elementary	Virginia Beach City Public Schools
4/21/2026	Operations	Museum Building's and Grounds committee and the Volunteer & Intern celebration	Viginia Living Museum
4/22/2026	Engineering	Wet Weather Partnership	Paul Calamita
4/22/2026	Engineering	Aqualis Sustainable Water Compliance Summit 2026	Aqualis
4/22/2026	Communications	HRSD Career Day tabling at King and Queen Elementary School	King and Queen Co Public Schools
4/23/2026	Water Quality	HRSD information table - Poquoson City Public Schools Family STEM Night	Poquoson City Public Schools
4/24/2026	Operations	Earth Action Day at ATP	Ocean Lakes High School
4/24/2026	Communications	Earth Action Day at Atlantic Treatment Plant	Virginia Beach City Public Schools
4/24/2026	Operations	Earth Action Day at Atlantic Treatment Plant	Virginia Beach City Public Schools
4/24/2026	Water Quality	Earth Action Day at Atlantic Treatment Plant	Virginia Beach City Public Schools

Strategic Measures

April 2026

Educational Outreach

Date	Division	Event	Community Partner
4/25/2026	Communications	HRSD information table A&N Electric Cooperative Arbor Day Event (Accomack Co)	A & N Electrical Cooperative
4/25/2026	Operations	HRSD information table A&N Electric Cooperative Arbor Day Event (Accomack Co)	A & N Electrical Cooperative
4/27/2026	Communications	HRSD Classroom presentation - Walsingham Academy Lower School (Williamsburg)	Walsingham Academy
4/27/2026	Water Quality	HRSD Classroom presentation - Walsingham Academy Lower School (Williamsburg)	Walsingham Academy
4/28/2026	Communications	HRSD Classroom presentation - Frank W. Cox High School	Virginia Beach City Public Schools
4/29/2026	Communications	James River Treatment Plant Trails Tour	Virginia Land Conservation & Greenways Conference
4/29/2026	Engineering	James River Treatment Plant Trails Tour	Virginia Land Conservation & Greenways Conference

Technical Presentations

Date	Division	Presentation	Presenter
4/24/2026	Engineering	Planning for Climate Change	Robert Martz

Technical Publications

Date	Division	Publication Title	HRSD Author(s)	Location
4/1/2026	Operations	Ammonia oxidizer adaptation to low dissolved oxygen concentrations for biological nutrient removal	Mr. Kester McCullough, Mr. Charles B. Bott, and Mr. Peter A. Vanrolleghem	Environ. Sci.: Water Res. Technol., 12, 1062-1078, DOI
4/1/2026	Operations	Development of a Reduced-Order Model to Identify Ammonia-Based Aeration Control Proportional–Integral Tuning Parameters and Improve Performance	Ms. Alexandria Gagnon, Mr. Kester McCullough, and Mr. Charles Bott	Environment Research, 98, 3

Resource: Eddie Abisaab

INFORMATIONAL AGENDA ITEM. – May 26, 2026

Subject: Virginia Beach Blvd. - Military Highway 8-Inch Force Main – Emergency Repair Emergency Declaration

Recommended Action: No action is required.

Regulatory Requirement: None

Brief: An emergency declaration was authorized on May 13, 206 due to a force main failure in the City of Norfolk that occurred on May 6, 2026. The failure is believed to be caused by pipe wall thickness degradation due to internal corrosion.

On May 6, 2026, the City of Norfolk Department of Utilities notified HRSD of a spill near the Veolia Water Technologies and Solutions facility, an industrial user that treats water for resale, on E. Virginia Beach Boulevard. Veolia discharges process byproducts through a private four-inch force main connected to a city-owned eight-inch force main, which then connects to the HRSD eight-inch ductile iron force main installed in 1994. Notably, the City replaced its ductile iron force main with PVC pipe and ductile iron fittings in late 2024 due to severe internal corrosion.

HRSD staff responded and identified two separate issues: one near the HRSD valve and another near the private force main connection to the City force main. The City of Norfolk immediately contracted Bridgeman Civil, Inc. (BC) to perform repairs. During the work, the City discovered extensive internal corrosion in a ductile iron tee installed in late 2024. After replacing the tee and restoring service, staff confirmed that the first issue was a leak within the HRSD system.

Due to the pipe depth of nearly 11 feet, staff determined that a contracted repair was necessary. BC crews exposed the pipe and found conditions similar to those encountered during the City's 2024 and 2026 repairs: pipes and fittings with severe internal corrosion, leaving paper-thin walls around multiple failure points. The current plan is to expose the entire branch to the HRSD force main, approximately 20 linear feet, to assess conditions and replace all corroded pipe and fittings. The depth of excavation, reduced work pace, and coordination challenges with multiple third-party utilities have extended the repair timeline and increased the duration of pump-and-haul operations.

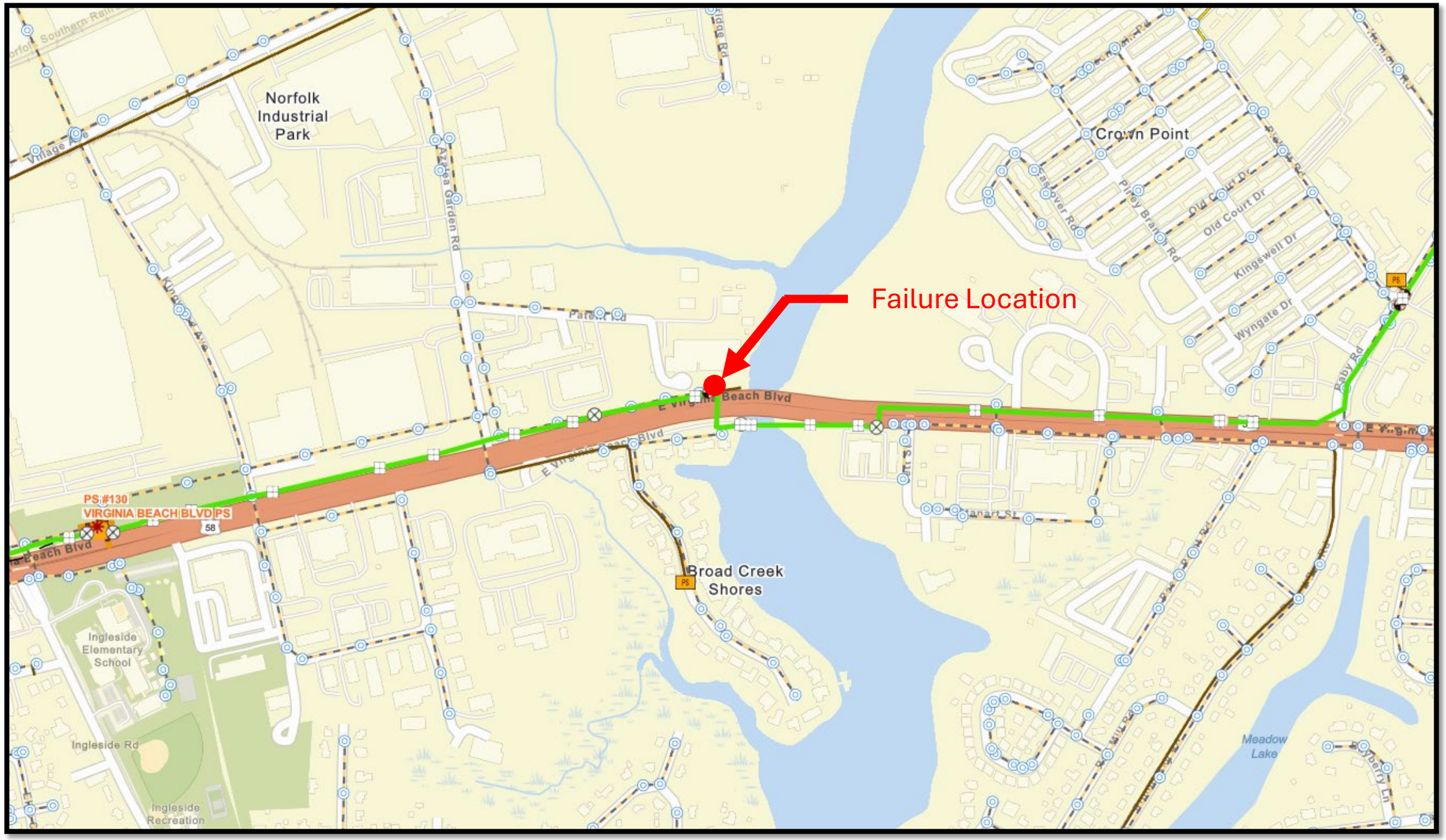
HRSD retained Hazen and Sawyer (Hazen) to provide design services, construction administration, and construction inspection. BC will pump-and haul operations, investigate the issue, complete the force main repairs, and restore the area impacted by the failure and construction activities.

The attached map depicts the break and CIP project location.

Analysis of Cost: The estimated cost of this work is $300,000 and will be funded by the Operating Budget. The cost estimate includes project management, emergency engineering design services, construction administration and inspection, pump-and-haul services, repair work, segmental replacement of the damaged pipe, site restoration, and contingency. The cost is based on engineering review, has been evaluated by staff, and is determined to be reasonable.

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

Schedule:		
	Emergency Declaration	May 2026
	Construction	May 2026
	Project Completion	May 2026


Failure Location
Norfolk Industrial Park
Crown Point
Broad Creek Shores
PS #130
VIRGINIA BEACH BLVD PS
58
Ingleside Elementary School
Ingleside Rd
Ingleside Recreation
Meadow Lake
Azalea Garden Rd
Parish Rd
Old Court Dr
Kingswell Dr
Wyngate Dr
Raby Rd
Piney Branch Rd
Cassover Rd

8. Extendable Commercial Paper Program
Resolution

   a. Issuing and Paying Agency Agreements;

   b. Dealer Agreements

   c. Offering Memorandum; and

   d. a form of the Commercial Paper Notes and form of Master Note (as defined in the Issuing and Paying Agency Agreements).

ISSUING AND PAYING AGENCY AGREEMENT

By and Between

HAMPTON ROADS SANITATION DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Issuing and Paying Agent

Relating to the Issuance of the
HAMPTON ROADS SANITATION DISTRICT
Extendable Subordinate Commercial Paper Notes, Series A

Dated as of [June , 2026]

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EXHIBIT H Form of Commercial Paper Note

ISSUING AND PAYING AGENCY AGREEMENT

This ISSUING AND PAYING AGENCY AGREEMENT (this "Agreement") is entered into as of June _, 2026, by and between the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia (the "Issuer"), and The Bank of New York Mellon Trust Company, N.A., a national banking association duly incorporated and validly existing under the laws of the United States of America, as issuing and paying agent (in such capacity, the "Issuing and Paying Agent"). All capitalized terms used herein shall have the meanings specified in Article I hereof.

W I T N E S S E T H:

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

WHEREAS, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"), the Commission is authorized and empowered:

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District,

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Enabling Act and pledged for their payment, for the purpose of refunding the outstanding bonds, including the payment of any redemption premium thereon, paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission, and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system; and

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

WHEREAS, the Commission has adopted the District's 2027-2036 Capital Improvement Program (as it may be amended from time to time, the "Capital Improvement Program"), which anticipates capital spending for projects identified in the Capital Improvement Program ("Projects");

WHEREAS, the District executed and delivered a Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as heretofore supplemented (the "Trust Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), to provide for the issuance of Bonds (as defined in the Trust Agreement) payable solely from the Net Revenues (as defined in the Trust Agreement) derived by the District from its Wastewater System (as defined in the Trust Agreement) and the money attributable to proceeds of the Bonds and the income from the investment thereof; and

WHEREAS, Section 704(e) of the Trust Agreement permits the District to issue Subordinate Obligations (as defined in the Trust Agreement) without limitations, provided that such Subordinate

Obligations shall provide that they are subordinate and junior in right of payment to the prior payment in full of the Senior Obligations (as defined in the Trust Agreement) issued thereunder; and

WHEREAS, the Commission has determined, pursuant to a resolution duly adopted by the Commission on [May 26, 2026] (the "Authorizing Resolution"), to establish a commercial paper program and to provide for the issuance of its Extendable Subordinate Commercial Paper Notes, Series A (the "Commercial Paper Notes"), to provide interim financing for (i) a portion of the costs of the District's Capital Improvement Program, (ii) certain expenses incurred in connection with the issuance of the Commercial Paper Notes, (iii) for the payment and redemption or purchase of Outstanding Commercial Paper Notes, other indebtedness of the District and the refunding of any Advances under a CP Credit Agreement (as defined herein) or any similar agreement relating to the 2026B Taxable Commercial Paper Notes, and (iv) such other purposes as may be described in a Commission Resolution; and

WHEREAS, the Authorizing Resolution provided for, among other things, the execution and delivery of this Issuing and Paying Agent Agreement to provide for the issuance from time to time of the Commercial Paper Notes in an amount not to exceed $350,000,000 and the appointment of The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent hereunder;

NOW THEREFORE THE PARTIES AGREE THAT:

GRANTING CLAUSE

To secure payment of the principal of and interest on the Commercial Paper Notes according to their tenor and effect and the performance of all covenants and conditions therein and herein contained, and in consideration of the premises, and of the purchase of the Commercial Paper Notes by the Holders thereof and to secure the obligations of the District to the Holders of the Commercial Paper Notes, the District by these presents does grant, bargain, sell, convey, assign, transfer, pledge, and confirm unto the Holders of the Commercial Paper Notes all right, title and interest of the District in the Note Payment Fund subject to the provisions of this Agreement permitting the application thereof for the purposes and on the terms set forth in this Agreement.

TO HAVE AND TO HOLD the same forever for the equal and proportionate benefit and security of the Holders from time to time of all the Commercial Paper Notes without any priority of any one Commercial Paper Note over any other.

ARTICLE I

DEFINITIONS

Section 1.01. Interpretation.

(a) "This Agreement" means this instrument as originally executed or as it may from time to time be amended or supplemented by one or more supplemental Agreements entered into pursuant to the applicable provisions hereof.

(b) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed or as hereinafter amended or supplemented.

(c) The words "herein," "hereof" and "hereunder" and other words of similar import without reference to any particular Article, Section or subdivision refer to this Agreement as a whole and not to any particular Article, Section or other subdivision unless the context clearly indicates otherwise.

(d) The terms defined in this Article shall include the plural as well as the singular.

Section 1.02. Definitions.

The terms defined in this Article I shall for all purposes of this Agreement have the meanings herein specified, unless the context clearly otherwise requires.

"*Advances*" means advances or loans under a Promissory Note to refund Commercial Paper Notes pursuant to a CP Credit Agreement.

"*Authorizing Resolution*" means the resolution adopted by the Commission on [May 26, 2026], as the same may be hereafter supplemented and amended, authorizing, among other things, the issuance of the Commercial Paper Notes.

"Bank" means the issuer of, or obligor on, a CP Credit Agreement.

"*Book Entry Form*" or "*Book Entry System*" means, with respect to the Commercial Paper Notes, a form or system, as applicable, under which (i) the ownership of beneficial interests in Commercial Paper Notes and payments due with respect thereto may be transferred only through a book entry and (ii) physical Commercial Paper Notes in fully registered form are registered only in the name of a Note Depository or its nominee as Holder, with the physical Commercial Paper Notes "immobilized" in the custody of the Note Depository. The book entry system maintained by and the responsibility of the Note Depository and not maintained by or the responsibility of the District or the Issuing and Paying Agent is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book entry) interests in the Commercial Paper Notes.

"Bond Counsel" means Norton Rose Fulbright US LLP or another firm of attorneys of nationally recognized standing in matters pertaining to bonds (including the tax status of interest thereon) issued by states and their political subdivisions.

"*Business Day*" means any day other than a Saturday, Sunday, or other day on which banks in the Commonwealth or State of New York are authorized or required to be closed or day on which the New York Stock Exchange is closed.

"*Certificate Agreement*" means the Commercial Paper Certificate Agreement entered into by the District with DTC attached hereto as Exhibit A hereto.

"*Code*" means the Internal Revenue Code of 1986, as may be amended from time to time, .

"*Commercial Paper Note*" means a Note issued pursuant to the provisions of this Agreement, having the terms and characteristics specified in Section 3.04 and in the form described in Exhibit H hereto.

"*Commission*" means the Hampton Roads Sanitation District Commission, the governing body of the District.

"*Commission Resolution*" means a resolution of the Commission, certified by the Secretary or an Assistant Secretary to the Commission to have been duly adopted by the Commission and to be in full force and effect on the date of such certification.

"*Commonwealth*" means the Commonwealth of Virginia.

"*CP Credit Agreement*" means an irrevocable, direct pay letter of credit or other credit enhancement or support facility delivered to the Issuing and Paying Agent for the benefit of the Holders.

"*Dealer*" means each dealer appointed by the Commission by the Authorizing Resolution or other Commission Resolution, and any successor thereto.

"*Dealer Agreement*" means any agreement executed by the District and a Dealer, and shall initially mean the Dealer Agreement, dated the date hereof, between the District and J.P. Morgan Securities LLC, as amended and supplemented from time to time.

"*Designated Representatives*" means the representatives of District designated by the Authorizing Resolution, other Commission Resolution or a Designation Certificate executed by the Chair of the Commission or the General Manager or Deputy General Manager of the District, as authorized to direct the Issuing and Paying Agent under this Agreement.

"*Designation Certificate*" means a certificate substantially in the form of Exhibit F delivered by the District to the Issuing and Paying Agent.

"*District*" means Hampton Roads Sanitation District, a political subdivision of the Commonwealth.

"*DTC*" means The Depository Trust Company, Brooklyn, New York, or any successor Note Depository.

"*DTC Participant*" means securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Eastern Time" means Eastern Standard Time or Eastern Daylight Time, as applicable, in New York, New York.

"*Extended Maturity Date*" means, for each Note, the date specified in the Issuance Request as the maturity date to which the maturity of such Note may be extended, which maturity date shall be a Business Day (which shall be specified in the confirmation sent to the Noteholder of the Note); provided, that an Extended Maturity Date shall not be established in violation of the provisions of 3.06(b) of this Agreement.

"*Extended Rate*" means the rate of interest per annum determined by the following formula:

The greater of (SIFMA Index + *E*) and *F*

The Extended Rate applicable to a Note will be determined by the Issuing and Paying Agent as provided in Section 3.06(c) of this Agreement. As used in the formula set forth above in this definition, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of Fitch, Moody's and S&P, if then rating the Notes at the request of the District, as follows:

Prevailing Rating

Fitch	Moody's	S&P	E Variable	F Variable
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the Notes, the *E* or *F* variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If the District obtains another rating on the Notes from a credit rating agency, the Issuing and Paying Agent shall, upon written direction of a Designated Representative, following consultation with such Designated Representative and the Dealer, determine how the credit rating agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable. In no event shall the Extended Rate exceed the Maximum Interest Rate.

"*Extension Request*" means the instructions provided to the Issuing and Paying Agent and the Dealer by a Designated Representative to extend the Original Maturity Date of a Note to an Extended Maturity Date, in substantially the form set forth in Exhibit E to this Agreement.

"Fitch" means Fitch Ratings, Inc., or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by a Designated Representative.

"*Government Obligations*" means direct obligations of, or obligations the timely payment of principal of and interest on is unconditionally guaranteed by, the United States of America.

"*Investment Obligations*" means any and all investment obligations authorized by (A) the Investment of Public Funds Act, Section 2.2-4500 et seq., Code of Virginia, 1950, as amended, (B) the Government Non-Arbitrage Investment Act, Section 2.2-4700 et seq., Code of Virginia, 1950, as amended, and (C) successor statutes to those described in (A) and (B) above, as the same shall be from time to time amended.

"*Issuance Request*" means the instructions provided to the Issuing and Paying Agent by a Designated Representative in the manner set forth in Section 3.03(b) of this Agreement and in substantially the form set forth in Exhibit D.

"*Issue Date*" means the date of issuance of a Commercial Paper Note.

"*Issuing and Paying Agent*" means The Bank of New York Mellon Trust Company, N.A., or its successors and assigns hereunder.

"*Issuing and Paying Agency Agreement*" or "*Agreement*" means this Issuing and Paying Agency Agreement, as the same may be amended and supplemented in accordance with the terms hereof from time to time.

"*Letter of Representations*" means the Letter of Representations from the District, the Dealer and the Issuing and Paying Agent to the Note Depository in connection with the issuance of the Commercial Paper Notes in a book entry system attached hereto as Exhibit C, as supplemented and amended from time to time.

"*Master Note*" means the master note, in substantially the form set forth in Exhibit B to this Agreement.

"*Maximum Principal Amount*" shall mean the maximum principal amount of Commercial Paper Notes authorized by the Commission in the Authorizing Resolution, as the same may be revised from time to time by a Commission Resolution. In determining whether the Maximum Principal Amount has been exceeded as of any such date, such calculation shall include the Outstanding Commercial Paper Notes, the Commercial Paper Notes to be issued as of such date, if any, the outstanding 2026B Taxable Commercial Paper Notes and any 2026B Taxable Commercial Paper Notes to be issued as of such date, if any.

"*Maximum Interest Rate*" or "*Max Rate*" means the maximum interest rate authorized by the District from time to time for the Commercial Paper Notes and shall initially mean 10% per annum until the District, by and through a Designated Representative, shall evidence another Maximum Interest Rate by delivery of an amended Exhibit G to the Issuing and Paying Agent.

"*Maximum Original Maturity Date*" means 150 calendar days. The Maximum Original Maturity Date may be changed by delivery of an amended Exhibit G by a Designated Representative to the Issuing and Paying Agent.

"*Moody's*" means Moody's Investors Service, Inc. or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by a Designated Representative.

"*Note*" or "*Notes*" means the evidences of indebtedness authorized to be issued and at any time outstanding pursuant to this Agreement and shall include Commercial Paper Notes (including the Master Note) or Promissory Notes as appropriate.

"*Note Depository*" means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in Commercial Paper Notes, and to effect transfers of book entry interests in Commercial Paper Notes in book entry form, and includes and means initially DTC.

"*Note Payment Fund*" means that fund created pursuant to Section 5.01.

"*Noteholder*" means the Registered Owner or any person, firm, association, or corporation who is in possession of any Note issued to bearer or in blank.

"Offering Memorandum" shall mean the Offering Memorandum used, from time to time, by the Dealer in offering the Commercial Paper Notes for purchase.

"*Original Maturity Date*" shall mean, for each Note, the date specified in the Issuance Request and in confirmation sent to the Noteholder of such Note as the date of maturity of the Note; provided that the Original Maturity Date shall be a Business Day not less than one day and not greater than the Maximum Original Maturity Date from the Issue Date, and shall not extend beyond the Maximum Maturity Date.

"*Original Rate*" shall mean, for each Note, the rate of interest per annum borne by such Note to the Original Maturity Date as specified in the applicable Issuance Request. The Original Rate shall not exceed the Maximum Interest Rate.

"*Outstanding*" when used with reference to Commercial Paper Notes shall mean, as of the date of determination, all Commercial Paper Notes theretofore issued and delivered under this Agreement, except:

(i) Commercial Paper Notes theretofore canceled by the Issuing and Paying Agent or delivered to the Issuing and Paying Agent canceled or for cancellation; and

(ii) Commercial Paper Notes and portions of Commercial Paper Notes for whose payment moneys or Government Obligations (as provided in Article X hereof) shall have been theretofore deposited with the Issuing and Paying Agent for the Holders of such Commercial Paper Notes;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Commercial Paper Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Commercial Paper Notes owned by the District shall be disregarded and deemed not to be Outstanding.

"*Prevailing Rating*" means, at the time of determination and with respect to each Rating Agency then providing a rating on the Notes at the request of a Designated Representative, the rating assigned to the Notes by such Rating Agency, or any comparable future designation by such Rating Agency, as the case may be.

"*Promissory Note*" means a promissory note issued pursuant to the provisions of this Agreement and a CP Credit Agreement in evidence of Advances made by the Bank to refund any Commercial Paper Note, or the interest thereon, having the terms and characteristics contained in a CP Credit Agreement and issued in accordance therewith, including any renewals or modifications thereof.

"Rating Agency" means each of [Fitch,] Moody's and S&P, if such entity is then providing a rating on the Notes at the request of the District.

"*Registered Owner*" means the person or entity in whose name any Note is registered in the Registration Books.

"*Registration Books*" means books or records relating to the registration, payment, and transfer or exchange of the Notes maintained by the Issuing and Paying Agent pursuant to Section 2.6 hereof.

"*S&P*" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, or, if such entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the District.

"*Series B Taxable Commercial Paper Notes*" means the District's Subordinate Commercial Paper Notes, Series B (Federally Taxable), authorized by the Authorizing Resolution and issued pursuant to an issuing and paying agent agreement, dated of even date herewith, between the District and The Bank of New York Mellon Trust Company, N.A., as issuing and paying agent thereunder.

"*SIFMA*" means the Securities Industry and Financial Markets Association.

"*SIFMA Index*" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by SIFMA or

any person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the District, acting through a Designated Representative (in consultation with the Dealers) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

"*System*" shall have the meaning set forth in Article VI hereof.

"*Tax Certificate*" shall mean the Tax Certificate delivered by the District on the original date of execution of this Agreement in connection with the issuance of the Commercial Paper Notes concerning certain representations and covenants to preserve the tax exemption with respect to the interest on the Commercial Paper Notes, as the same may be amended from time to time with the approval of Bond Counsel which shall evidence its approval by reissuing its opinion included in the Offering Memorandum. Such an amendment will occur, by way of example, if the District permits additional uses of proceeds of the Commercial Paper Notes by the adoption of a Commission Resolution after original date of execution of this Agreement.

(End of Article I)

ARTICLE II

THE ISSUING AND PAYING AGENT

Section 2.01. Appointment.

The District has appointed The Bank of New York Mellon Trust Company, N.A., and The Bank of New York Mellon Trust Company, N.A., hereby accepts such appointment, as the Issuing and Paying Agent in connection with the issuance and payment of the Commercial Paper Notes pursuant to this Agreement and the Authorizing Resolution. The Issuing and Paying Agent agrees to observe and perform its duties and obligations under this Agreement and the Authorizing Resolution.

The Issuing and Paying Agent agrees to observe and perform its duties and obligations hereunder. Without limiting the generality of the foregoing, the Issuing and Paying Agent shall establish and maintain all required accounts and subaccounts required by this Agreement. The Issuing and Paying Agent agrees to provide to the District a monthly report on the first business day of each month, which report shall set forth such information regarding the issuance of Commercial Paper Notes during the prior month, as the District and the Issuing and Paying Agent shall have agreed upon; provided that this reporting requirement shall be satisfied by the Issuing and Paying Agent's grant to the District of access to the [System] (as hereinafter defined). Funds in the Note Payment Fund (and any subaccount) shall be invested in Investment Obligations pursuant to the written direction of a Designated Representative. The Issuing and Paying Agent may conclusively rely on such written direction and shall have no responsibility to confirm whether an investment satisfies the criteria of Investment Obligations. The Issuing and Paying Agent will not provide supervision, recommendations or advice relating to either the investment of funds in the Note Payment Fund or the purchase or disposition of any investment and will not have any liability for any loss in an investment made pursuant to the terms of this Agreement. The Issuing and Paying Agent may, without notice to the District, sell or liquidate any investment at any time for any disbursement of funds from the Note Payment Fund permitted or required hereunder and will not be liable for any loss, cost or penalty resulting from any sale or liquidation of any such investment. The Issuing and Paying Agent has no responsibility whatsoever to determine the market or other value of any investment and makes no representation or warranty as to the accuracy of any such valuations. To the extent applicable regulations grant rights to receive brokerage confirmations for certain security transactions, the District waives receipt of such confirmations. In the absence of the District's written investment direction, funds shall be held uninvested, provided that such funds shall, to the extent that the amount exceeds the deposit insurance available to the District by the Federal Deposit Insurance Corporation, be fully secured in the same manner as is required for the public funds of the District.

The Issuing and Paying Agent agrees to keep such books and records, including, without limitation, a complete record of all Issuance Requests, as shall be consistent with industry practice and as may reasonably be requested by the District, and to make such books and records available for inspection by the District, subject to the reasonable regulations of the Issuing and Paying Agent, such books and records to be available on each Business Day during reasonable business hours, and, if so requested, to send copies of such books and records to the District.

The Commercial Paper Notes will be sold through such commercial paper dealers or placement agents as the District shall have notified the Issuing and Paying Agent in writing from time to time (each, a "Dealer"). The Dealer is currently J.P. Morgan Securities LLC.

Section 2.02. Duties of Issuing and Paying Agent

(a) The Issuing and Paying Agent's duties and responsibilities in connection with the issuance of the Commercial Paper Notes shall include:

(i) holding the Master Notes in safekeeping and completing or causing to be completed, each Master Note as to amount, date, maturity date, interest rate and interest amount upon receipt of Issuance Requests in accordance with this Agreement;

(ii) (A) verifying that the aggregate principal amount of Commercial Paper Notes described in each Issuance Request, plus the aggregate principal amount of all Commercial Paper Notes then outstanding, less the aggregate principal amount of any of the then Outstanding Commercial Paper Notes to be retired concurrently with the issuance of the Commercial Paper Notes described in the Issuance Request, does not exceed the Maximum Principal Amount, and (B) assigning to each Issuance Request received from the Designated Representative a CUSIP number;

(iii) causing to be delivered a Commercial Paper Note on behalf of the District upon receipt of instructions from a Designated Representative, as to principal amount, registered owner, Issue Date, Original Maturity Date, Extended Maturity Date, Original Rate and Extended Rate by way of data entry transfer to the DTC MMI Same Day Funds Settlement System ("SDFS"), and to receive from SDFS a confirmation receipt that such delivery was effected;

(iv) holding the amounts on deposit in the appropriate funds and accounts established pursuant to this Agreement separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and applying such amounts in accordance with the terms hereof; and

(v) upon a mandatory exchange of any Commercial Paper Note in connection with an extension of the Original Maturity Date by a Designated Representative, the Issuing and Paying Agent shall do the following upon notice from a Designated Representative or Dealer by 3:00 p.m. on the Business Day prior to the Original Maturity Date (and in no event later than 10:00 a.m. on the Original Maturity Date):

(1) cause the original principal amount on such Commercial Paper Note to be zero in the SDFS to avoid a maturity principal payment on the Original Maturity Date;

(2) (a) notify DTC by no later than 11:30 a.m. on the Original Maturity Date, (b) notify any Rating Agency then maintaining a rating on the Commercial Paper Notes by no later than 5:00 p.m. on the Original Maturity Date, and (c) post a notice on EMMA by no later than 5:00 p.m. on the Original Maturity Date, that the maturity of such Commercial Paper Note has been extended to the Extended Maturity Date specified in the extension notice from the Designated Representative; and

(3) upon delivery of a holder's position on the original Commercial Paper Note to Bank as a "free" delivery on the Original Maturity Date, (1) retire such Commercial Paper Note and (2) deliver a new Commercial Paper Note bearing interest at the Extended Rate from the Original Maturity Date to the Extended Maturity Date as a "free" delivery to the Dealer or such holder, as applicable, by 5:00 p.m. on the Original Maturity Date.

(4) Notwithstanding the foregoing, the Issuing and Paying Agent may, from time to time, modify the above procedures to conform to DTC's operating procedures.

(b) The Issuing and Paying Agent shall have no duty or responsibility to make any transfer of the proceeds of the sale of the Commercial Paper Notes, or to advance any moneys or effect any credit with respect to such proceeds or transfers unless and until the Issuing and Paying Agent has actually received the proceeds of the sale of the Commercial Paper Notes. [If the Issuing and Paying Agent chooses, in its sole discretion, to credit the Note Payment Fund before the Issuing and Paying Agent has collected funds for delivery of such Commercial Paper Notes, it is understood that such credit shall be an advance to the District to be promptly repaid to the Issuing and Paying Agent from the proceeds of sale of Commercial Paper Notes. If any such advance is not repaid by 5:00 p.m. Eastern Time on the day it is made, the District shall repay such advance on the next Business Day together with interest thereon at the rate charged by the Issuing and Paying Agent for such advance (which rate shall be no less than the Prime Rate). As used in this Agreement, "Prime Rate" means [ ]].

Section 2.03. Books and Records.

The Issuing and Paying Agent agrees to keep such books and records, including, without limitation a complete record of all Issuance Requests, as shall be consistent with prudent industry practice and to make such books and records available for inspection by the District, such books and records to be available on each Business Day during reasonable business hours and, if so requested, to send copies of such books and records to the District, as applicable.

Section 2.04. Authorizing Resolution; Designated Representative.

The District has delivered to the Issuing and Paying Agent (a) a certified copy of the Authorizing Resolution, and (b) a certified original of a Designation Certificate setting forth the Designated Representatives, containing the name, title and true signature of those officers and employees of the District authorized pursuant to the Authorizing Resolution to take action with respect to the Commercial Paper Notes. The District agrees to provide the Issuing and Paying Agent with revised Designation Certificates when there are changes in the Designated Representatives. Until the Issuing and Paying Agent receives any subsequent Designation Certificate, the Issuing and Paying Agent shall be entitled to rely on the most recent Designation Certificate delivered to it for the purpose of determining the Designated Representatives.

Section 2.05. Certificate Agreement

The District acknowledges that (i) the Issuing and Paying Agent has previously entered into a commercial paper certificate agreement (the "Certificate Agreement"), a copy of which is attached hereto as Exhibit A, with DTC and (ii) the continuation in effect of the Certificate Agreement is a necessary prerequisite to the Issuing and Paying Agent's providing services related to the issuance and payment of the Commercial Paper Notes while the Commercial Paper Notes are in book-entry only form and DTC is the Note Depository. The District acknowledges the interest of DTC in the Notes and Note Certificates as provided in the Certificate Agreement.

Section 2.06. Letter of Representations

Prior to the issuance of any Commercial Paper Notes, the District shall deliver to the Issuing and Paying Agent an executed Letter of Representations, a copy of which is attached hereto as Exhibit C. The Letter of Representations when executed by the District, the Issuing and Paying Agent and DTC shall

supplement the provisions of this Agreement, and the District, the Issuing and Paying Agent and DTC shall be bound by the provisions of the Letter of Representations, to the extent not inconsistent with the provisions of the Authorizing Resolution and this Agreement.

(End of Article II)

ARTICLE III

THE COMMERCIAL PAPER NOTES

Section 3.01. Title.

The title of the Commercial Paper Notes shall be "Hampton Roads Sanitation District Extendable Subordinate Commercial Paper Notes, Series A."

The Commercial Paper Notes are issued pursuant to and in full compliance with the Constitution and laws of the Commonwealth, including the Enabling Act, and the Authorizing Resolution. The Commercial Paper Notes shall be issued as Subordinate Obligations within the meaning of the Trust Agreement. The Net Revenues (as defined in the Trust Agreement) are hereby pledged to secure the payment of the principal of and interest on the Commercial Paper Notes. The Commercial Paper Notes and such pledge of Net Revenues shall be expressly subordinate and junior to the Lien (as defined in the Trust Agreement) on Net Revenues created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District, to the extent and in the manner set forth below:

In the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the District or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued; and such declaration has not been rescinded and annulled, or (c) any Event of Default under the Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

Section 3.02. Master Note.

The Commercial Paper Notes are to be initially issued in book-entry form only and are to be initially evidenced by the Master Note in substantially the form attached to this Agreement as Exhibit B.

Prior to the issuance of any Commercial Paper Notes, the District shall deliver to the Issuing and Paying Agent the Master Note evidencing the Commercial Paper Notes. Such Master Note shall be duly executed, specify the date of issuance, and be registered in the name of Cede & Co., as nominee of DTC, all as provided in this Agreement.

Section 3.03. Issuance Requests.

(a) Issuance Requests shall be in substantially the form attached hereto as Exhibit D. Issuance Requests shall be delivered by a Designated Representative to the Dealer and the Issuing and Paying Agent. Issuance Requests may be delivered by a Designated Representative through an electronic instruction and reporting communication service offered by the Issuing and Paying Agent pursuant to Article VI hereof or in writing or otherwise as specified in Section 13.02 hereof, in each case received by the Issuing and Paying

Agent at the address specified in Section 13.02 hereof prior to 12:00 p.m. (Eastern Time) on the day on which such Issuance Request is to be operative.

(b) If the Issuing and Paying Agent, at its option, acts upon an Issuance Request received after 12:00 noon Eastern Time on the day on which the Issuance Request is to be operative, the District understands and agrees that (a) such Issuance Request shall be acted upon on a best efforts basis, and (b) the Issuing and Paying Agent makes no representation or warranty that the issuance and delivery of any Commercial Paper Note pursuant to such Issuance Request shall be completed prior to the close of business on such date.

(c) Any Issuance Request given by telephone shall be confirmed to the Issuing and Paying Agent in writing, either by regular mail (upon receipt), electronic transmission or facsimile, by a Designated Representative prior to 1:30 p.m. Eastern Time in the form of Exhibit D hereto on the day on which such Issuance Request is to be operative.

(d) Upon receipt of an Issuance Request, the Issuing and Paying Agent shall, by 3:00 p.m. Eastern Time on such day the Issuance Request is received, complete each Commercial Paper Note as to principal amount, Issue Date, Original Maturity Date and Original Rate specified therein, and deliver each such Commercial Paper Note to or upon the order of the Dealer upon receipt of payment therefor; provided, however, that no such Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the limitation the Maximum Principal Amount, as the same may be revised from time to time through the delivery of a Certificate of a Designated Representative in the form of Exhibit G hereto. If an Issuance Request is received after 12:00 noon Eastern Time on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

(e) Upon receipt of an Extension Request, the Issuing and Paying Agent shall, by 2:00 p.m. Eastern Time on such day the Extension Request is received, complete each Commercial Paper Note as to principal amount, Issue Date and Extended Maturity Date specified therein, and, upon surrender of a Noteholder's position on the original Commercial Paper Note to the Issuing and Paying Agent as a "free" delivery on the Original Maturity Date, (a) retire such Commercial Paper Note and (b) deliver a new Commercial Paper Note bearing interest at the Extended Rate from the Original Maturity Date to the Extended Maturity Date as a "free" delivery to such Noteholder by 5:00 p.m. Eastern Time on the Original Maturity Date; provided, however, that no such Commercial Paper Notes shall be delivered by the Issuing and Paying Agent if such delivery would cause the sum of the aggregate principal amount of Notes Outstanding to exceed the Maximum Principal Amount, as the same may be revised from time to time through the delivery of a Certificate of a Designated Representative in the form of Exhibit G hereto. If an Extension Request is received after 12:00 noon Eastern Time on a given day, the Issuing and Paying Agent shall act on such request on a best-efforts basis but shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day.

Section 3.04. Execution; Authentication.

(a) If not issued in book-entry only form, the Commercial Paper Notes and the Certificate of Authentication to appear on each of the Commercial Paper Notes shall be substantially in the form set forth in Exhibit H hereto with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Agreement and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) ("CUSIP" numbers) and such legends and endorsements thereon as may, consistently herewith, be approved by a Designated Representative.. Subject

to the terms and conditions of this Agreement, the Issuing and Paying Agent shall complete, authenticate and deliver such Commercial Paper Notes in accordance with the procedures set forth in Section 3.06.

(b) While the Commercial Paper Notes are in book-entry only form, they shall be issued in the form of a Master Note in substantially the form attached as Exhibit B hereto, or such other forms as are required by DTC, to which there shall be attached the respective form of Commercial Paper Note set forth in Exhibit H hereto and it is hereby declared that the provisions of Exhibit B hereto are incorporated into and shall be a part of the applicable Master Note. It is further provided that the Authorizing Resolution, this Agreement and the form of Commercial Paper Note set forth in Exhibit H hereto shall constitute the "Underlying Records" referred to in each Master Note. In addition, whenever the beneficial ownership of the Commercial Paper Notes is determined by a book-entry at DTC, the Issuing and Paying Agent may, without further approval from the District or a Designated Representative, place such letters, numbers, marks of identification, legends and endorsements on the Commercial Paper Notes and Master Notes as are necessary to satisfy the requirements of DTC.

(c) Each Commercial Paper Note shall be executed on behalf of the District by the Chair or Vice Chair of the Commission, the General Manager or the Deputy General Manager of the District or by any other person authorized to do so in a Commission Resolution. The signature of any of these officials may be manual or facsimile.

Commercial Paper Notes bearing the manual or facsimile signatures of individuals who were at the time of execution thereof the proper officials of the District shall bind the District, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Commercial Paper Notes or did not hold such offices at the date of such Commercial Paper Notes.

At any time and from time to time after the execution and delivery of this Agreement, the District may deliver Commercial Paper Notes executed by Designated Representatives to the Issuing and Paying Agent for authentication, and the Issuing and Paying Agent shall authenticate and deliver such Commercial Paper Notes as in this Agreement provided and not otherwise.

No Commercial Paper Note shall be secured by, or entitled to any lien, right or benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Commercial Paper Note a certificate of authentication substantially in the form provided for herein executed by an authorized officer of the Issuing and Paying Agent by manual signature, and such certificate upon any Commercial Paper Note shall be conclusive evidence, and the only evidence, that such Commercial Paper Note has been duly authenticated and delivered hereunder.

Section 3.05. Conditions to Delivery.

(a) The Commercial Paper Notes may upon the execution and delivery of this Agreement, or from time to time thereafter, be executed by the proper officials of the District and delivered to the Issuing and Paying Agent for authentication. On the effective date of this Agreement, the District shall deliver to the Issuing and Paying Agent the following at the time of the execution and delivery of this Agreement:

(i) an original executed counterpart of this Agreement;

(ii) the executed Dealer Agreement;

(iii) the Offering Memorandum; and

(iv) opinions of Bond Counsel and general counsel to the District, in a form accepted by the Dealer.

(b) Thereafter, Commercial Paper Notes shall be authenticated by the Issuing and Paying Agent at the time and in the manner provided in Section 3.06 hereof upon receipt of the following:

(i) an Issuance Request; and

(ii) the purchase price or a receipt for the purchase price of such Commercial Paper Notes.

Section 3.06. Terms of the Commercial Paper Notes.

(a) The aggregate principal amount of the Commercial Paper Notes that may be authenticated and delivered and Outstanding under this Agreement at any given time is limited to and shall not exceed the Maximum Principal Amount, except as provided in Section 3.08 hereof. In determining whether any proposed issuance of Commercial Paper Notes would cause the aggregate principal amount of Commercial Paper Notes Outstanding to exceed the Maximum Principal Amount, Commercial Paper Notes to be repaid concurrently with such proposed issuance with the proceeds thereof shall be given effect as well as any 2026B Taxable Commercial Paper Notes Outstanding. The District and the Dealer shall not instruct the Issuing and Paying Agent to authenticate and deliver any Commercial Paper Note if, after giving effect to any Commercial Paper Notes maturing on that day to be paid from the proceeds of such Commercial Paper Notes, the aggregate principal amount of outstanding Commercial Paper Notes would exceed the Maximum Principal Amount.

(b) The Commercial Paper Notes may be issued in the minimum denomination of $100,000 and additional increments of $1,000 above $100,000, numbered in ascending consecutive numerical order in the order of their issuance, and shall mature and become due and payable on such dates as a Designated Representative shall determine at the time of sale; provided that (i) the Original Maturity Date for each Note shall be not less than one day nor greater than the Maximum Original Maturity Date from its Issue Date and (ii) the Extended Maturity Date for each Note shall not be greater than 270 calendar days from its Issue Date. The Commercial Paper Notes may be sold at par or at such discount or premium (within the interest rate and yield restrictions provided herein) as a Designated Representative shall approve at the time of the sale thereof. The Commercial Paper Notes shall be issued in registered form.

(c) The Commercial Paper Notes may be issued at such times and shall have such terms not inconsistent with this Agreement as shall be determined by an Issuance Request pursuant to Section 3.03; provided, however, each Commercial Paper Note shall be dated as of its Issue Date and shall bear no interest or bear interest at such rate or rates per annum or computed on the basis of days elapsed and on a 365-day or 366-day (as applicable) year (but in no event to exceed the Maximum Interest Rate), all as may be determined by a Designated Representative. The Commercial Paper Notes shall bear interest from and including the Issue Date until but excluding the Original Maturity Date at the Original Rate. Interest, if any, on Commercial Paper Notes shall be payable on any Original Maturity Date. The foregoing notwithstanding, on any Original Maturity Date, if a Designated Representative exercises the option to extend the Original Maturity Date to an Extended Maturity Date (or any Commercial Paper Note is automatically extended to the Extended Maturity Date), each Commercial Paper Note will bear interest from and including the Original Maturity Date to but excluding the Extended Maturity Date at the Extended Rate. If a Designated Representative exercises the option in accordance with this Agreement to extend the Original Maturity Date of any Commercial Paper Note to an Extended Maturity Date (or any Commercial Paper Note is automatically extended to the Extended Maturity Date), the accrued but unpaid interest on

the Commercial Paper Note, but not the principal of the Commercial Paper Note, shall be paid on its Original Maturity Date. The Extended Rate will be determined by the Issuing and Paying Agent based on the Prevailing Ratings available as of 11:00 a.m. Eastern Time on the Original Maturity Date and on each Thursday thereafter until the Extended Maturity Date or the date fixed for redemption of such Commercial Paper Notes, and will apply from that Thursday through the following Wednesday, the Extended Maturity Date, or the date fixed for redemption of such Commercial Paper Notes, as the case may be. Interest on the Commercial Paper Notes for which the Original Maturity Date has been extended to the Extended Maturity Date shall be payable on the Extended Maturity Date for the Commercial Paper Notes or the date fixed for redemption of such Commercial Paper Notes, as the case may be.

(d) A Designated Representative shall deliver to the Issuing and Paying Agent and the Dealer any Extension Request by no later than 10:00 a.m. Eastern Time on the Original Maturity Date if the option to extend the Original Maturity Date of a Commercial Paper Note to an Extended Maturity Date is exercised. The Issuing and Paying Agent shall correspondingly notify (i) DTC by no later than 11:30 a.m. Eastern Time on the Original Maturity Date and (ii) each Rating Agency then maintaining a rating on the Commercial Paper Notes by 5:00 p.m. Eastern Time on the Original Maturity Date, that the maturity of such Commercial Paper Note is being extended to the Extended Maturity Date. Even if the requisite notices are not given, if payment of the principal of and interest on a Commercial Paper Note does not occur on the Original Maturity Date, the maturity of the Commercial Paper Note shall be extended automatically to the Extended Maturity Date. With the consent of the Issuing and Paying Agent and the Dealer, the Designated Representative may modify the notification provisions contained in this Section 3.06(d) if deemed appropriate to conform to DTC's rules and procedures.

(e) The Commercial Paper Notes shall not be subject to redemption prior to their Original Maturity Date.

(f) *Redemption following Extension of Original Maturity Date*. In the event a Designated Representative exercises the option to extend the maturity of any Commercial Paper Note from its Original Maturity Date to an Extended Maturity Date (or any Commercial Paper Note is automatically extended to the Extended Maturity Date), that Commercial Paper Note may be redeemed on any date after its Original Maturity Date, at the option of a Designated Representative, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest to the redemption date. To exercise its redemption option, a Designated Representative shall provide not less than one (1) nor more than twenty-five (25) calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent shall notify DTC or the Registered Owner, if not issued in book-entry form, of the Commercial Paper Notes to be redeemed within one Business Day of receipt of such notice.

(g) *No Default*. In no event shall an extension of the Original Maturity Date constitute a default or a breach of any covenant under this Agreement.

(h) No Commercial Paper Note shall be delivered if the Issuing and Paying Agent shall have received notice from Bond Counsel of the withdrawal or inapplicability of its opinion referred to in Section 3.05(a)(iv) hereof, unless the District shall have delivered to the Issuing and Paying Agent and the Dealer a substitute opinion of Bond Counsel, as the case may be, in a form acceptable to the Dealer.

(i) The Issuing and Paying Agent shall, in accordance with and subject to the provisions of Article III hereof, complete, authenticate and deliver Commercial Paper Notes upon receipt of an Issuance Request issued in compliance with the procedures set forth herein against receipt of the purchase price therefor. The Issuing and Paying Agent shall be entitled to accept and rely on oral instructions for the

authentication and delivery of Commercial Paper Notes from any Designated Representative or authorized representative of a Dealer.

(j) With respect to the Commercial Paper Notes completed, authenticated and delivered by it on any day in accordance with this Agreement in lieu of the Commercial Paper Notes described in Section 3.12, the Issuing and Paying Agent shall promptly transmit copies of each Commercial Paper Note to the District. The Issuing and Paying Agent will furnish the District, the Dealer and any Bank with such additional information via the System relating to its activities hereunder as any such party may from time to time reasonably request.

(k) With the delivery of each Issuance Request, the District shall represent, or be deemed to have represented, as of the date of such Issuance Request: (i) that no event of default (as specified in such documents) exists under this Agreement, the Authorizing Resolution or the Dealer Agreement; (ii) that each representation and warranty made, or deemed to be made, by the District in this Agreement, the Tax Certificate, the Authorizing Resolution and the Dealer Agreement or in the most recent certificates and documents executed by the District, including the Tax Certificate, is true and correct in all material respects on and as of such date; (iii) that the District has performed all of its covenants and agreements that it is required to have performed under this Agreement, the Tax Certificate, the Authorizing Resolution and the Dealer Agreement; (iv) that the issuance and delivery of such Commercial Paper Notes have been duly approved by the District, (v) that such Commercial Paper Notes and the authorization, delivery and execution of such Commercial Paper Notes has been duly authorized by the District; and (vi) that, immediately after the issuance and delivery of such Commercial Paper Notes and giving effect to any immediate application of the proceeds thereof to the payment of Commercial Paper Notes, the aggregate of unpaid principal on all Commercial Paper Notes Outstanding will not, in the aggregate, exceed the Maximum Principal Amount.

Section 3.07. Transfer and Exchange.

Subject to the provisions of Section 3.12 hereof, a Holder of a Commercial Paper Note may tender its Commercial Paper Note for exchange for Commercial Paper Notes of the same Original Maturity Date and Extended Maturity Date, interest rate and Issue Date but of different authorized denominations. Upon surrender for exchange of any Commercial Paper Note at the principal corporate trust office of the Issuing and Paying Agent in [ ], the District shall execute, and the Issuing and Paying Agent shall authenticate and deliver, one or more new Commercial Paper Notes of the same series of any authorized denomination or denominations of like aggregate principal amount having the Original Maturity Date, Maximum Original Maturity Date, Issue Date and interest rate.

All Commercial Paper Notes surrendered upon any exchange provided for in this Agreement shall be promptly canceled by the Issuing and Paying Agent and thereafter disposed of as required by law.

All Commercial Paper Notes issued upon any exchange of Commercial Paper Notes shall be the valid obligations of the District evidencing the same debt, and entitled to the same security and benefits under this Agreement as the Commercial Paper Notes surrendered upon such exchange.

No service charge shall be made for any exchange herein provided for, but the District may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of the Commercial Paper Notes.

Section 3.08. Mutilated, Destroyed, Lost and Stolen Commercial Paper Notes.

(a) If (i) any mutilated Commercial Paper Note is surrendered to the Issuing and Paying Agent or the Issuing and Paying Agent receives evidence to its satisfaction of the destruction, loss or theft of any Commercial Paper Note, and (ii) there is delivered to the Issuing and Paying Agent such security or indemnity as may be required by it to save each of them and the District harmless, then, in the absence of notice to the Issuing and Paying Agent that such Commercial Paper Note has been acquired by a bona fide purchaser, the Issuing and Paying Agent shall authenticate and deliver, in exchange for or in lieu of such mutilated, destroyed, lost or stolen Commercial Paper Note (upon surrender of such Commercial Paper Note not destroyed, lost or stolen), a new Commercial Paper Note of like tenor, Issue Date, principal amount, Original Maturity Date, Extended Maturity Date and interest rate.

(b) In case any such mutilated, destroyed, lost or stolen Commercial Paper Note has become or is about to become due and payable, the Issuing and Paying Agent in its discretion may, instead of issuing a new Commercial Paper Note, pay such Commercial Paper Note.

(c) Upon the issuance of any new Commercial Paper Note under this Section 3.08 the Issuing and Paying Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Issuing and Paying Agent) connected therewith.

(d) Every new Commercial Paper Note issued pursuant to this Section 3.08 in lieu of any destroyed, lost or stolen Commercial Paper Note shall constitute an original additional contractual obligation of the District whether or not the destroyed, lost or stolen Commercial Paper Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Commercial Paper Notes hereby secured.

(e) The provisions of this Section 3.08 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Commercial Paper Notes.

Section 3.09. Interest Rights Preserved; Dating of Commercial Paper Notes.

Each Commercial Paper Note delivered under this Agreement upon exchange for or in lieu of any other Commercial Paper Note shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Commercial Paper Note, and each such Commercial Paper Note shall be so dated, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 3.10. Persons Deemed Owners.

The District and Issuing and Paying Agent shall be entitled to treat the registered owner of each registered Commercial Paper Note as the owner and Holder of such Commercial Paper Note for all purposes, notwithstanding any notice to the contrary.

Section 3.11. Cancellation.

All Commercial Paper Notes surrendered for payment or exchange, if surrendered to the Issuing and Paying Agent, shall be promptly canceled by it or them, and, if surrendered to any person other than the Issuing and Paying Agent, shall be delivered to the Issuing and Paying Agent and, if not already canceled, shall be promptly canceled by it. The District may at any time deliver to the Issuing and Paying

Agent for cancellation any Commercial Paper Notes previously authenticated and delivered hereunder, which the District may have acquired in any manner whatsoever, and all Commercial Paper Notes so delivered shall be promptly canceled by the Issuing and Paying Agent. All canceled Commercial Paper Notes held by the Issuing and Paying Agent shall be disposed of as required by law, and the Issuing and Paying Agent shall retain a record of such disposal.

Section 3.12. Book-Entry-Only System.

Notwithstanding the provisions of foregoing sections of this Article III, the Commercial Paper Notes shall be originally issued only to a Note Depository to be held in a book-entry system and: (i) the Commercial Paper Notes shall be registered in the name of the Note Depository or its nominee, as Holder, and immobilized in the custody of the Note Depository; and (ii) the Commercial Paper Notes shall not be transferable or exchangeable, except for transfer to another Note Depository or another nominee of a Note Depository, without further action by the District. The owners of beneficial interest in the Commercial Paper Notes shall not have any right to receive Commercial Paper Notes in the form of physical certificates.

So long as a book entry system is in effect for the Commercial Paper Notes, the District and the Issuing and Paying Agent shall recognize and treat the Note Depository, or its nominee, as the Holder of the Commercial Paper Notes for all purposes, including payment of principal and interest thereon, giving of notices, and enforcement of remedies. The crediting of payments of principal and interest on the Commercial Paper Notes and the transmittal of notices and other communications by the Note Depository to owners of beneficial interests in the Commercial Paper Notes are the responsibility of the Note Depository and are not the responsibility of the District or the Issuing and Paying Agent; provided, however, that the District and the Issuing and Paying Agent understand that neither the Note Depository nor its nominee shall provide any consent requested of Holders of Commercial Paper Notes pursuant to this Agreement and that the Note Depository will mail an omnibus proxy (including a list identifying the owners of the book entry interests in the Commercial Paper Notes) to the Issuing and Paying Agent which assigns the Note Depository's, or its nominee's, voting rights to the owners of the book entry interests in the Commercial Paper Notes (as credited to their accounts at the Note Depository as of the record date for mailing of requests for such consents). Upon receipt of such omnibus proxy, the Issuing and Paying Agent shall promptly provide such omnibus proxy (including the list identifying the owners of the book entry interests in the Commercial Paper Notes attached thereto) to the District, who shall then treat such owners as Holders of the Commercial Paper Notes for purposes of obtaining any consents pursuant to the terms of this Agreement.

As long as the Commercial Paper Notes are registered in the name of a Note Depository, or its nominee, the Issuing and Paying Agent agrees to comply with the terms and provisions of the Letter of Representations. The provisions of the Letter of Representations with respect to any delivery of the Commercial Paper Notes to the Issuing and Paying Agent shall supersede the provisions of this Agreement with respect thereto.

If any Note Depository determines not to continue to act as a Note Depository for the Commercial Paper Notes held in a book-entry system, the District may attempt to have established a securities depository/book entry system relationship with another Note Depository under this Agreement. If the District does not or is unable to do so, the District and the Issuing and Paying Agent, after the Issuing and Paying Agent has made provision for notification of the owners of book entry interests by appropriate notice to the then Note Depository, shall permit withdrawal of the Commercial Paper Notes from the Note Depository and shall authenticate and deliver Commercial Paper Notes in fully registered form to the assignees of the Note Depository or its nominee. Such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing or otherwise preparing and delivering such replacement

Commercial Paper Notes) of the District. Such replacement Commercial Paper Notes shall be in the denominations specified in Section 3.06(b) hereof.

Section 3.13. CP Credit Agreement.

(a) The District reserves the right to enter into a CP Credit Agreement to provide liquidity for a part or all of the Commercial Paper Notes to be Outstanding under this Agreement. Whenever the term "CP Credit Agreement" is used in this Agreement, it shall refer to the agreement referred to in this Section and the term "Advances" shall mean advances under such a CP Credit Agreement. Any CP Credit Agreement shall be presented to the Commission for approval, and such approval shall be evidenced by a Commission Resolution.

(b) The District reserves the right to authorize one or more Promissory Notes to evidence Advances under a CP Credit Agreement, and such Promissory Notes shall be payable on parity with the Commercial Paper Notes.

(End of Article IV)

ARTICLE IV

PAYMENT

Section 4.01. Payment Duties of Issuing and Paying Agent.

(a) The Issuing and Paying Agent's duties and responsibilities in connection with the payment of the Commercial Paper Notes shall include:

(i) By 1:00 p.m. Eastern Time on the date that any Commercial Paper Notes are scheduled to mature, whether on its Original Maturity Date or Extended Maturity Date or upon redemption after the Original Maturity Date, the District shall ensure that there shall have been transferred to the Issuing and Paying Agent for deposit in the Note Payment Fund immediately available funds at least equal to the amount of Commercial Paper Notes maturing or to be redeemed on such date. When any matured Commercial Paper Note is presented to the Issuing and Paying Agent for payment by the holder thereof (which may, in the case of book-entry Commercial Paper Notes, be DTC or a nominee of DTC), payment shall be made from and charged to the Note Payment Fund to the extent funds are available in the Note Payment Fund;

(ii) Each Commercial Paper Note presented to the Issuing and Paying Agent for payment at or prior to 2:15 p.m. Eastern Time on any Business Day at or after the maturity date of such Commercial Paper Note shall be paid by the Issuing and Paying Agent on the same day as such presentation (or if presented after 2:15 p.m. Eastern Time on any such Business Day, then on the next succeeding Business Day) to the extent funds are available in the Note Payment Fund;

(iii) Keeping amounts on deposit in the Note Payment Fund separate from all other funds, accounts and subaccounts of the Issuing and Paying Agent, and utilizing such amounts in accordance with the terms hereof and the Authorizing Resolution; and

(iv) The Issuing and Paying Agent shall have no obligation to pay amounts due on the Commercial Paper Notes at their Original Maturity Date or Extended Maturity Date, as applicable, other than from funds received by the Issuing and Paying Agent from, or for the account of, the District or from the proceeds of Commercial Paper Notes. The Issuing and Paying Agent may, but shall have no obligation to, make a payment pursuant to this Section 4.01 hereof prior to receipt from the District of sufficient immediately available funds. In such case, the District agrees to promptly repay such advance provided that, if such advance is not repaid by 5:00 p.m. Eastern Time on the day it is made, the District shall repay such advance on the next Business Day together with interest thereon at the Prime Rate. No prior action or course of dealing on the part of the Issuing and Paying Agent with respect to advances of the purchase price or payments of matured Commercial Paper Notes shall give rise to any claim or cause of action by the District against the Issuing and Paying Agent in the event that the Issuing and Paying Agent refuses to pay or settle any Commercial Paper Notes for which the District has not timely provided funds as required by this Agreement.

(End of Article IV)

ARTICLE V

ACCOUNTS

Section 5.01. Creation of Accounts.

There shall be established with the Issuing and Paying Agent entitled the "Hampton Roads Sanitation District Extendable Subordinate Commercial Paper Notes, Series A Note Payment Fund" (the "Note Payment Fund").

Section 5.02. The Note Payment Fund.

The proceeds from the sale of any obligations, including Commercial Paper Notes issued under this Agreement, issued for the purpose of refunding and retiring Commercial Paper Notes Outstanding under this Agreement shall be paid to the Issuing and Paying Agent for deposit to the credit of the Note Payment Fund and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the District shall be paid to the Issuing and Paying Agent for deposit to the appropriate account within the Note Payment Fund and shall be used to pay principal of, premium, if any, and interest on Notes at the respective interest payment, maturity or redemption of such Notes as provided herein, including the repayment of any amounts owed with respect to the Promissory Note in evidence of Advances under a CP Credit Agreement.

Additionally, all Advances under a CP Credit Agreement shall be paid to the Issuing and Paying Agent for the account of the District and deposited into the appropriate account within the Note Payment Fund and used to pay the principal of, the Commercial Paper Notes.

Pending the expenditure of moneys in the Note Payment Fund for authorized purposes, moneys deposited therein may be invested at the direction of a Designated Officer in Investment Obligations. Any income received from investments in the Note Payment Fund shall be retained in the Note Payment Fund.

Section 5.03. Sources of Payment of the Commercial Paper Notes.

Anything to the contrary in this Agreement notwithstanding, the Issuing and Paying Agent is authorized by this Agreement to pay the principal and interest due on the Commercial Paper Notes, and to acquire the Government Obligations for purpose of defeasing Commercial Paper Notes in accordance with Section 10.01(a)(ii) of this Agreement, only with funds held to the credit of the Note Payment Fund.

(End of Article V)

ARTICLE VI

MONEY MARKET ISSUANCE SYSTEM

Section 6.01. The System.

[The District understands that all instructions under this Agreement are to be directed to the Issuing and Paying Agent's Commercial Paper Department. The Issuing and Paying Agent shall provide the District and the Dealer with access to the Issuing and Paying Agent's Money Market Issuance system or other electronic means (collectively, the "System") in order that the Issuing and Paying Agent may receive electronic instructions for the issuance of the Commercial Paper Notes. Electronic instructions must be transmitted in accordance with the procedures furnished by the Issuing and Paying Agent to the District and the Dealer in connection with the System. These transmissions shall be the equivalent to the giving of a written Issuance Request to the Issuing and Paying Agent. If the System is inoperable at any time, a Designated Representative or the Dealer may deliver written, telephone or facsimile (including PDF documents by email) instructions to the Issuing and Paying Agent, which instructions shall be verified in accordance with any security procedures agreed upon by the parties.]

(End of Article VI)

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

Section 7.01. Due Authorization.

The District represents that this Agreement and the Commercial Paper Notes have been duly authorized and this Agreement when executed and the Commercial Paper Notes when issued in accordance with the Issuance Requests and the Authorizing Resolution, will be valid and binding obligations of the District, enforceable in accordance with their respective terms.

The District hereby warrants and represents to the Issuing and Paying Agent, which shall be a continuing warranty and representation, that this Agreement is, and all Commercial Paper Notes delivered to the Issuing and Paying Agent pursuant to this Agreement will be, duly authorized, executed and delivered by the District, that the issuance and delivery of all such Commercial Paper Notes will not violate any state or federal law, rule, regulation, order or contractual agreement binding on the District, including the Authorizing Resolution, and that such Commercial Paper Notes, when completed, countersigned and delivered pursuant hereto, will constitute the District's legal, valid and binding obligations.

Section 7.02. Exemption From Registration.

The District represents that each Commercial Paper Note issued under this Agreement will be exempt from registration under the Securities Act of 1933, as amended.

Section 7.03. Representation Concerning the Authorizing Resolution.

Each Issuance Request to issue Commercial Paper Notes under this Agreement and the Authorizing Resolution shall be deemed a representation by the District as of the date thereof that such issuance conforms in all respects to the requirements of the Authorizing Resolution and this Agreement and that the representations herein are true and correct as if made on and as of such date.

Section 7.04. Liability.

The District agrees that the Issuing and Paying Agent shall not be liable for any losses, damages, liabilities or costs suffered or incurred by the District as a result of (a) the Issuing and Paying Agent having duly issued Commercial Paper Notes pursuant to Issuance Requests in good faith in accordance therewith and with the Authorizing Resolution and this Agreement; (b) the Issuing and Paying Agent improperly executing or failing to issue Commercial Paper Notes pursuant to any Issuance Requests because of erroneous Issuance Requests, failure of communications media, or any other circumstances beyond the Issuing and Paying Agent's control; (c) the actions or inactions of DTC or any broker, dealer, consignee or agent not selected by the Issuing and Paying Agent; or (d) any other acts or omissions of the Issuing and Paying Agent (or of any of its agents, directors, officers, employees or correspondents) relating to this Agreement or the transactions or activities contemplated hereby except to the extent, if any, that such other acts or omissions constitute negligence or willful misconduct by the Issuing and Paying Agent. This Section 7.04 shall survive any termination of this Agreement and the issuance and payment of any Commercial Paper Notes.

(End of Article VII)

ARTICLE VIII

PROVISIONS CONCERNING THE ISSUING AND PAYING AGENT

Section 8.01. Resignation or Removal of Issuing and Paying Agent.

Any Issuing and Paying Agent may resign by giving sixty (60) days' written notice to the District and the Dealer in the manner provided in Section 13.02. In addition, the District may remove the Issuing and Paying Agent with or without cause by giving thirty (30) days' notice to the Issuing and Paying Agent, any Bank and the Dealer in the manner provided in Section 13.02. In the event of the resignation or removal of the Issuing and Paying Agent, the Issuing and Paying Agent shall pay over, assign and deliver any CP Credit Agreement and any moneys held by it in such capacity to its successor. The resignation or removal shall not take effect until a successor Issuing and Paying Agent acceptable to the Dealer and any Bank has been appointed in accordance with the provisions of Section 8.07 hereof.

Section 8.02. Compensation.

The District agrees to compensate the Issuing and Paying Agent for its services hereunder in accordance with a letter dated as of the date of this Agreement delivered from the Issuing and Paying Agent to the District and to reimburse the Issuing and Paying Agent upon request for out-of-pocket expenses incurred by it. Such expenses may include the reasonable compensation and expenses of agents and counsel. The District shall also reimburse the Issuing and Paying Agent for any fees and charges imposed by the Note Depository with respect to Commercial Paper Notes issued in book-entry form. The Issuing and Paying Agent agrees to look solely to the District for payment of these amounts and shall make no claim and have no lien upon the Note Payment Account for payment of these amounts.

Section 8.03. Issuing and Paying Agent as Owner.

The Issuing and Paying Agent, in its individual or any other capacity, may become the owner or pledgee of Commercial Paper Notes or is and may be a participant in credit provided under CP Credit Agreement with the same rights the Issuing and Paying Agent would have if it were not acting hereunder.

Section 8.04. Right to Consult With Counsel.

The Issuing and Paying Agent may consult with counsel, and any advice or written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by the Issuing and Paying Agent in the absence of bad faith on its part in reliance on such advice or opinion.

Section 8.05. Merger; Consolidation.

Any commercial bank or trust company into which the Issuing and Paying Agent may be merged or with which it may be consolidated, or any commercial bank or trust company resulting from any merger or consolidation to which the Issuing and Paying Agent shall be a party, or any commercial bank or trust company succeeding to its business, shall succeed to all rights, obligations and immunities of the Issuing and Paying Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.06. Additional Information.

Upon the reasonable request of the District, as applicable, given at any time and from time to time, the Issuing and Paying Agent agrees promptly to provide the District, as applicable, with information with respect to the Commercial Paper Notes issued and paid hereunder. Such request shall be in written form and shall include the principal amount, date of issue, maturity date, interest rate and amount of interest, as applicable, of each Commercial Paper Note which has been issued or paid by the Issuing and Paying Agent and for which the request is being made.

Section 8.07. Successor Issuing and Paying Agent.

The District shall within 30 days of any resignation or removal of the Issuing and Paying Agent in the manner provided in Section 8.01 hereof, appoint a successor Issuing and Paying Agent acceptable to the Dealer and the Bank by notice in the manner provided in Section 13.02 hereof. In the event the District shall fail to make such an appointment within the time required, the Issuing and Paying Agent shall, at the District's expense, be authorized to petition a court of competent jurisdiction for appointment of a successor Issuing and Paying Agent.

The Issuing and Paying Agent shall, at all times, be a bank with trust powers or a trust company having an office in New York, New York, that is sufficient to discharge its duties as the Issuing and Paying Agent hereunder and shall at all times be a corporation or a national banking association organized and doing business under the laws of the United States of America or of any state with a combined capital and surplus of at least $50,000,000 and authorized under such laws to exercise corporate trust powers and be subject to supervision or examination by federal or state authority. If such corporation or national banking association publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this section, the combined capital and surplus of such corporation or national banking association shall be deemed to be its combined capital and surplus as set forth in its recent report of condition so published. The Issuing and Paying Agent shall have a short-term rating from S&P of at least A-2 or, if it does not have a short-term rating from S&P, the Issuing and Paying Agent shall have a long-term rating of at least BBB+ from S&P.

Any corporation or national banking association into which any Issuing and Paying Agent may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, consolidation or conversion to which any Issuing or Paying Agent shall be a party, or any corporation or national banking association succeeding to the corporate trust business of any Issuing and Paying Agent shall be the successor of the Issuing and Paying Agent if such successor corporation or national banking association is otherwise eligible under this Section, without the execution or filing of any further act on the part of the Issuing and Paying Agent or such successor corporation or national banking association.

Section 8.08. Miscellaneous.

(a) Except as otherwise provided herein, the Issuing and Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and shall not be responsible for the acts of such agents or attorneys appointed with due care hereunder.

(b) [reserved]

(c) The Issuing and Paying Agent shall be under no liability for interest on any moneys received by the Issuing and Paying Agent hereunder except such as the Issuing and Paying Agent may agree with the District to pay thereon, and need not segregate such moneys except as may be required by law.

(d) Nothing in this Agreement constitutes a commitment or obligation of the Issuing and Paying Agent to extend any credit to the District, nor shall any course of dealing between the District and the Issuing and Paying Agent be deemed to be, or constitute, any such commitment or obligation.

(e) Except as otherwise expressly provided herein, whenever, in the administration of this Agreement, the Issuing and Paying Agent shall deem it necessary that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate or written instructions of a Designated Representative and such certificate or written instructions shall be full warranty to the Issuing and Paying Agent for any action taken, suffered, or omitted under the provisions of this Agreement in reliance upon such certificate or written instructions.

(f) The Issuing and Paying Agent's countersignature of a Commercial Paper Note shall be for authentication purposes only. Neither the Issuing and Paying Agent nor its agent shall have any liability on any Commercial Paper Notes. Except with respect to the Issuing and Paying Agent's own actions in issuing and delivering Commercial Paper Notes pursuant to Issuance Requests, the Issuing and Paying Agent shall not be liable for the authorization, validity or legality of any Commercial Paper Notes delivered by the Issuing and Paying Agent in accordance with Issuance Requests.

(g) The Issuing and Paying Agent shall not have any duty to determine, investigate or monitor (i) the District's use of proceeds of any Commercial Paper Notes, nor (ii) the qualifications, or lack thereof, of any purchaser or subsequent holder of the Commercial Paper Notes.

(h) IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

Therefore, for a non-individual person such as a business entity, a charity, a Trust, or other legal entity, the Issuing and Paying Agent may ask for documentation to verify its formation and existence as a legal entity. The Issuing and Paying Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

(End of Article VIII)

ARTICLE IX

[RESERVED]

ARTICLE X

DEFEASANCE OF COMMERCIAL PAPER NOTES

Section 10.01. Conditions for Defeasance.

Whenever the conditions specified in either clause (i) or clause (ii) of the following subsection (a), and the conditions specified in the following subsections (b) and (c) shall exist, namely:

(a) either

(i) all Commercial Paper Notes theretofore authenticated and delivered have been canceled by the Issuing and Paying Agent or delivered to the Issuing and Paying Agent for cancellation,

or

(ii) the Issuing and Paying Agent has received Government Obligations that, together with the investment income thereon, shall be sufficient in time and amount to pay and discharge the entire indebtedness on all Commercial Paper Notes not theretofore canceled by the Issuing and Paying Agent or delivered to the Issuing and Paying Agent for cancellation; and

(b) The District has paid, caused to be paid or made arrangements for the payment of all other sums payable hereunder; and

(c) The District has delivered to the Issuing and Paying Agent, a Certificate from a Designated Representative and an opinion of Bond Counsel each stating that all conditions herein provided for relating to the satisfaction and discharge of this Agreement have been complied with;

then, upon delivery to the Issuing and Paying Agent of a Certificate of a Designated Representative that no Commercial Paper Notes are to be subsequently issued hereunder, then this Agreement and the lien, rights and interests hereby granted shall cease, determine and become null and void.

In the absence of a Certificate of a Designated Representative as aforesaid, the payment of all Commercial Paper Notes Outstanding shall not render this Agreement inoperative or prevent the District from issuing Commercial Paper Notes from time to time thereafter as herein provided.

All money, obligations and income thereon deposited with the Issuing and Paying Agent pursuant to Section 10.01 hereof shall be held in a special escrow account and applied by the Issuing and Paying Agent to the payment, to the persons entitled thereto, of the principal of and interest on said Commercial Paper Notes and thereafter as provided in Section 9.06 hereof.

Upon receipt of such moneys, the Issuing and Paying Agent shall invest the same in Government Obligations, as directed by the District, that mature on or before the Stated Maturity of the Commercial Paper Notes.

(End of Article X)

ARTICLE XI

AMENDMENTS

Section 11.01. Amendment Without Consent of Holders.

Without the consent of the Holders of any Commercial Paper Notes, the District may enter into one or more amendments hereto, for any one or more of the following purposes:

(a) To modify the procedures set forth in Article III hereof for the issuance of Commercial Paper Notes;

(b) To modify or eliminate any of the terms of this Agreement; provided, however, that any such modifications or eliminations shall expressly become effective only with the consent of any Bank affected thereby and only when there are no Commercial Paper Notes Outstanding that were issued prior to the execution of such amendment;

(c) To make any other changes with respect to matters or questions arising under this Agreement which shall not adversely affect the interests of the Holders of the Commercial Paper Notes then Outstanding;

(d) To increase the Maximum Principal Amount permitted hereunder; provided that there has been delivered to the Issuing and Paying Agent evidence that the ratings on the Commercial Paper Notes and the Bonds shall not be adversely affected by such increase;

(e) To maintain any rating on the Commercial Paper Notes; or

(f) To amend the definition of Maximum Interest Rate, Maximum Principal Amount or the Maximum Original Maturity Date if and as permitted by this Agreement and any applicable CP Credit Agreement by delivering an amended Exhibit G.

Section 11.02. Amendments With Consent of Holders.

No amendment to this Agreement shall, without the consent of the Bank and the Holder of each Outstanding Commercial Paper Note affected thereby, change the Extended Maturity Date of the principal of any Commercial Paper Note, or reduce the principal amount thereof or the interest thereon or change the coin or currency in which, any Commercial Paper Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof.

It shall not be necessary for any act of Holders under this Section 11.02 to approve the particular form of any proposed amendment to this Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

Section 11.03. Consent by Purchaser.

In the event Commercial Paper Notes are issued at or subsequent to the date of execution of such amendment made pursuant to Section 11.02, the Holders of such Commercial Paper Notes shall be deemed, by the purchase of such Commercial Paper Notes with disclosure of the substance of such amendment, to have consented to and approved the provisions of such amendment.

Section 11.04. Holders Bound.

Upon the execution of any amendment under this Article XI, this Agreement shall be modified in accordance therewith, and such amendment shall form a part of this Agreement for all purposes and every Holder of Commercial Paper Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 11.05. Effect of Amendment.

No amendment or modification of this Agreement shall be effective unless the same shall be in writing and signed by both of the parties hereto. No waiver of, nor any consent to any departure from, any provision of this Agreement shall be effective unless signed by the party intended to be bound. No such amendment, modification, waiver or consent shall adversely affect the rights of any Holder of Commercial Paper Notes outstanding at the time of such amendment, modification, waiver or consent.

(End of Article XI)

ARTICLE XII

THE DISTRICT'S COVENANTS

Section 12.01. Compliance with Authorizing Resolution.

So long as any Commercial Paper Notes remain outstanding, the District shall comply in all respects with each of the provisions, covenants and agreements of the District contained in the Authorizing Resolution and the Tax Certificate.

Section 12.02. To Pay Commercial Paper Notes Punctually.

The District shall duly and punctually pay, or cause to be paid, but only from the Net Revenues (as defined in the Trust Agreement), subject to the provisions thereof and hereof, including the limitations set forth in Section 3.01 hereof, the principal of and interest on each Commercial Paper Note on the dates and at the places, and in the manner provided in the Commercial Paper Notes according to the true intent and meaning thereof. The District shall faithfully do and perform and at all times fully observe and keep any and all of its covenants, undertakings, stipulations and provisions contained in the Commercial Paper Notes and in this Agreement.

Section 12.03. Tax Covenants.

(a) Neither the District nor the Issuing and Paying Agent (to the extent within its control) shall take, or cause or permit to be taken, any action which would cause a Commercial Paper Note to be an "arbitrage bond" as defined in Section 148 of the Code (or any successor section of such Code or subsequent federal income tax statute or code that replaces or restates Section 148 as in effect on the date of delivery of the Commercial Paper Notes). To that end the District shall comply with the requirements of Section 148 of the Code, and the applicable regulations of the United States Department of Treasury adopted thereunder, as in effect on the date of delivery of the Commercial Paper Notes, throughout the term of the Commercial Paper Notes. Notwithstanding anything herein to the contrary, the Issuing and Paying Agent shall have no responsibility to determine whether any instruction or direction from the District complies with the Code.

(b) The District recognizes that the Holders of the Commercial Paper Notes will have accepted the Commercial Paper Notes, and paid therefor a price that reflects the understanding that interest thereon is excludable from gross income for federal income tax purposes under laws in force at the time the Commercial Paper Notes shall have been delivered. In this connection, The District agrees that it shall take no action that may cause the inclusion of the interest on any of such Commercial Paper Notes in the gross income of the Holders thereof for federal income tax purposes, whether or not provision shall have been made for the payment of such Commercial Paper Notes.

(c) To evidence its compliance with the obligations hereunder, the District shall comply with the Tax Certificate executed in connection herewith.

(d) The District agrees to file all reports that may be required under Section 149(e) of the Code, on or before each respective due date of such report, with respect to the Commercial Paper Notes. Notwithstanding any provision of this Agreement which may be to the contrary, the Holders sole remedy in the event of a breach by the District of its obligations under this subsection (d) hereof shall be to seek specific performance by appropriate proceedings. The District shall deliver to the Issuing and Paying Agent

copies of all reports relating to the Commercial Paper Notes filed pursuant to said Section 149(e) of the Code.

Section 12.04. Other Covenants.

(a) The District covenants and represents and represents that neither it nor any of its affiliates, subsidiaries, directors or officers are the subject, or to its knowledge the target, of any sanctions enforced by the United States (including, but not limited to, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC")), the United Nations Security Council, the European Union or HM Treasury (collectively "Sanctions").

(b) The District covenants and represents that neither it nor any of its affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Agreement (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject of or, known to the District to be the target of, Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the subject of or, known to the Issuer to be the target of, Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

(End of Article XII)

ARTICLE XIII

GENERAL PROVISIONS

Section 13.01. Termination of this Agreement.

This Agreement shall terminate at the earlier of the date that is 15 days after a written notice of termination by the Issuer and the date that is 45 days after a written notice of termination by the Issuing and Paying Agent. No such termination shall affect the rights and obligations of the District and the Issuing and Paying Agent which have accrued under this Agreement prior to termination. No termination can occur prior to (1) a substitute Issuing and Paying Agent being appointed by the District and assuming its duties under this Agreement and the Authorizing Resolution and (2) the any CP Credit Agreement being transferred to the substitute Issuing and Paying Agent. In any such event, the Issuing and Paying Agent shall return to the District all undelivered Commercial Paper Notes held by the Issuing and Paying Agent at the time of such notice, and the District's rights to issue Commercial Paper Notes shall be suspended until such time as a successor Issuing and Paying Agent assumes the rights and obligations as the Issuing and Paying Agent under this Agreement. All Commercial Paper Notes validly authenticated and delivered by the Issuing and Paying Agent pursuant hereto prior to the termination of this Agreement, and the authority granted to the Issuing and Paying Agent hereunder with respect to the payment of such Commercial Paper Notes, shall be valid obligations notwithstanding such termination, and this Agreement shall remain in full force and effect with respect to such Commercial Paper Notes until the same have been paid in full.

Section 13.02. Addresses.

(a) Issuance Requests hereunder shall be (a) mailed, (b) telephoned, (c) transmitted by facsimile device, (d) transmitted electronically to the Issuing and Paying Agent at the electronic mail address specified below transmitted, or (e) via the System to the Issuing and Paying Agent at the address, telephone number, and/or facsimile number specified below and shall be deemed delivered upon receipt by the Issuing and Paying Agent at the address, telephone number, and/or facsimile number specified below.

The Bank of New York Mellon Trust Company, N.A.
[Address]

(b) All other notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given (a) upon delivery by hand (against receipt), (b) upon confirmation of receipt, by facsimile, (c) three days after such notice, request, demand or other communication is delivered to a United States Post Office certified mail (against receipt) or by regular mail (upon receipt), or (d) upon non-automated confirmation of receipt, by email to the party and at the address set forth below or at such other address as a party may designate by written notice:

If to the District:

Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, Virginia
Attention: Deputy General Manager and Chief Financial Officer
Telephone:
Facsimile:

If to the Issuing and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.
[Address]

If to S&P:

If to Moody's:

(End of Article XIV)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

HAMPTON ROADS SANITATION DISTRICT

_____

Name:
Title:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Issuing and Paying Agent

_____

Name:
Title:

EXHIBIT A

DTC CERTIFICATE AGREEMENT

(See Attached)

EXHIBIT B

FORM OF MASTER NOTE

MUNICIPAL COMMERCIAL PAPER – TECP MASTER NOTE

_____
(Date of Issuance)

Hampton Roads Sanitation District ("Issuer"), for value received, hereby promise to pay to Cede & Co., as nominee of the Depository Trust Company, or to registered assigns (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer (the "Underlying Records") as being evidenced by this Master Note, which Underlying Records are maintained by The Bank of New York Mellon Trust Company, N.A. ("Paying Agent"); (ii) interest on the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in installments, if any, on the due date of each installment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made solely from the sources stated on the Underlying Records by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not Valid Unless Countersigned for Authentication by Paying Agent.

_____
(Paying Agent)

HAMPTON ROADS SANITATION DISTRICT
(Issuer)

By: _____
(Authorized Countersignature)

By: See attached signatures
(Authorized Signature)

DTCC

(Reverse Side of Note)

The provisions of the Hampton Roads Sanitation District Extendable Commercial Paper Notes, Series A, a form of which is attached hereto, are incorporated herein and made a part hereof for all purposes.

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

_____

(Name, Address, and Taxpayer Identification Number of Assignee)

the Master Note and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Master Note on the books of issuer with full power of substitution in the premises.

Dated:

Signature(s) Guaranteed

_____

(Signature)

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this certificate is presented by an authorized representative of the Depository Trust Company, a New York corporation ("DTC"), to issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused this Note to be executed in its name and on its behalf with the facsimile signatures of the Chair and the Secretary of the Hampton Roads Sanitation District Commission and a facsimile of the official seal of said Commission to be printed hereon and this Note to be dated the [ ]th day of June, 2026.

HAMPTON ROADS SANITATION DISTRICT

By:_____
Chair of the Hampton Roads
Sanitation District Commission

By:_____
Secretary of the Hampton Roads
Sanitation District Commission

[Seal]

EXHIBIT C

DTC LETTER OF REPRESENTATION

(See Attached)

EXHIBIT D

FORM OF ISSUANCE REQUEST

The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent
[Address]
Attn: [Commercial Paper Customer Service]

This Issuance Request is submitted in connection with the Issuance of Commercial Paper Notes.

The undersigned, a Designated Representative of Hampton Roads Sanitation District (the "District") hereby requests The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent (in such capacity the "Issuing and Paying Agent") under the Issuing and Paying Agency Agreement, dated as of June [ ], 2026 (the "Issuing and Paying Agency Agreement") between the District and the Issuing and Paying Agent to issue Commercial Paper Notes, to issue and deliver Notes of the Issuer with the Series designation, Issue Date, Face Amount, Original Maturity Date, Original Extended Maturity Date Coupon/Discount, and Total Interest as indicated by the J.P. Morgan Securities LLC Municipal Short-Term Securities Trading Desk.

Pursuant to the Issuing and Paying Agency Agreement, the undersigned hereby certifies as follows:

(i) after the issuance of Commercial Paper Notes as requested hereby and the application of proceeds thereof, the aggregate principal amount of Commercial Paper Notes Outstanding will not exceed the Maximum Principal Amount;

(ii) the interest rates borne by the Commercial Paper Notes to be delivered do not exceed the Maximum Interest Rate;

(iii) the Original Maturity Date of the Commercial Paper Notes to be delivered does not exceed the Maximum Original Maturity Date, and the Extended Maturity Date of the Commercial Paper Notes to be delivered does not exceed 270 days from the Issue Date;

(iv) the District will promptly notify you if it is notified by Bond Counsel that its opinion with respect to the validity and tax treatment of the Commercial Paper Notes delivered prior to the initial issuance of the Commercial Paper Notes has been revised or withdrawn or, if any such revision or withdrawal has occurred, the revised opinion or substitute opinion has not been revised or withdrawn; and

(v) all of the conditions precedent to the issuance of Commercial Paper Notes set forth in Sections 3.05 and 3.06 of the Issuing and Paying Agency Agreement have been satisfied.

All capitalized terms used by not defined herein shall have the meanings ascribed thereto in the Issuing and Paying Agency Agreement.

HAMPTON ROADS SANITATION DISTRICT

By: _____
Designated Representative

EXHIBIT E

FORM OF EXTENSION REQUEST

Date _____

The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent
[Address]

J.P. Morgan Securities LLC
[Address]

Ladies and Gentlemen:

This certificate is provided pursuant to the requirements of Section 3.06(d) of the Issuing and Paying Agency Agreement, dated June [ ], 2026 (the "Agreement"), between Hampton Roads Sanitation District (the "District") and The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent with respect to the issuance of the Hampton Roads Sanitation District, Subordinate Commercial Paper Notes, Series A (the "Notes"), for the purpose of requesting the extension of a Note, as provided herein. Capitalized terms used herein and not otherwise defined shall have the meaning given in the Agreement.

(a) The Note is in the principal amount of $_____, bears interest at the stated rate of ____%, and has a stated Original Maturity Date of _____, 20__.

(b) The Extended Maturity Date of the Note shall be _____, 20__, which is a Business Day.

(c) The certifications made in the Issuance Request delivered in connection with the initial issuance of the Note are confirmed.

(d) The term of the Note, as extended to the Extended Maturity Date, does not exceed 270 calendar days.

HAMPTON ROADS SANITATION DISTRICT

By _____
Title:

EXHIBIT F

FORM OF DESIGNATION CERTIFICATE

I am the [ ] of Hampton Roads Sanitation District (the "District") duly authorized pursuant to Authorizing Resolution adopted by the Hampton Roads Sanitation District Commission on May [26], 2026 (the "Authorizing Resolution") to appoint Designated Representatives of the District in connection with the issuance, from time to time, by the District's Extendable Subordinate Commercial Paper Notes, Series A (the "Commercial Paper Notes") in accordance with the Authorizing Resolution. I hereby designate the following persons to act on my behalf in accordance with the aforesaid Authorizing Resolution and specimen signatures of such persons are set forth beside their names.

Designated Persons	Specimen Signature
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Executed this ____ day of June, 2026.

_____
[Name]
[Title]

EXHIBIT G

MAXIMUM INTEREST RATE, MAXIMUM PRINCIPAL AMOUNT, MAXIMUM ORIGINAL MATURITY DATE AND MAXIMUM EXTENDED MATURITY DATE

The undersigned Designated Representative hereby certifies to the Issuing and Paying Agent that one or more of the following definitions contained in the Issuing and Paying Agency Agreement to which this is Exhibit G have been amended and that as of the date set forth below ("Effective Date"), such amended definition(s) has/have the following meanings:

Maximum Interest Rate shall mean the maximum interest rate authorized by the District from time to time for the Commercial Paper Notes and shall initially mean 10% per annum until the District shall evidence another Maximum Interest Rate by delivery of an amended Exhibit G to the Issuing and Paying Agent. As of the Effective Date, the maximum interest rate authorized by the District from time to time for the Commercial Paper Notes is 10% per annum.

Maximum Original Maturity Date shall mean 150 days. The Maximum Original Maturity Date may be changed by delivery of an amended Exhibit G to the Issuing and Paying Agent.

Maximum Principal Amount shall mean $350,000,000. The Maximum Principal Amount may be changed by delivery of an amended Exhibit G to the Issuing and Paying Agent.

Maximum Extended Maturity Date shall mean the maximum number of days a Commercial Paper Note can be outstanding. The initial Maximum Extended Maturity Date is 270 days. The Maximum Extended Maturity Date may be changed by delivery of an amended Exhibit G to the Issuing and Paying Agent.

I further certify that such change(s) in such definition(s) are consistent with the provisions of the Issuing and Paying Agent Agreement and the Reimbursement Agreement, that I delivered to the Dealer and both Rating Agencies currently providing a rating on the Commercial Paper Notes at the request of a District prior notice of such change(s) and a copy of this revised Exhibit G and that neither Rating Agency currently providing a rating on the Commercial Paper Notes at the request of a District has withdrawn or reduced its rating on the Commercial Paper Notes as a consequence thereof.

Effective Date: _____ __, 202_.

DESIGNATED REPRESENTATIVE

_____
Name:

EXHIBIT H

FORM OF COMMERCIAL PAPER NOTE

HAMPTON ROADS SANITATION DISTRICT
(VIRGINIA)
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES,
SERIES A

Note	Interest	Note	
Number_____	Rate_____	Date_____	$_____

On_____ (the "Original Maturity Date") for value received, Hampton Roads Sanitation District (the "District"), a political subdivision of the Commonwealth of Virginia, for value received, promises to pay, but solely from the sources and in the manner hereinafter provided

To The Order of _____
The Principal Sum Of _____
Payable At _____
(the "Issuing and Paying Agent"),

and to pay interest, if any, on said principal amount, specified above, from the above specified Note Date on said Original Maturity Date at the per annum Interest Rate specified above (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

If the Original Maturity Date shall have been extended to the Extended Maturity Date, as provided in the Issuing and Paying Agency Agreement (hereinafter defined), the interest accrued on this Note to the Original Maturity Date will be paid on the Original Maturity Date. The principal amount of this Note will be payable on the Extended Maturity Date, and after the Original Maturity Date, this Note shall bear interest from the Original Maturity Date to the Extended Maturity Date, at the per annum Extended Rate described below (computed on the basis of actual days elapsed and a 365-day or 366-day year, as applicable) solely from the sources hereinafter identified and as hereinafter stated.

No interest will accrue on the principal amount hereof after said Original Maturity Date or, if the Original Maturity Date shall have been extended to the Extended Maturity Date, after said Extended Maturity Date, or the date fixed for redemption of this Note.

If a Designated Representative exercises the option in accordance with the Issuing and Paying Agency Agreement to extend the Original Maturity Date of this Note to an Extended Maturity Date, interest accruing after the Original Maturity Date shall be payable on the first Business Day of the next month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Note. If the Original Maturity Date is on or after the 15th day of the month, and an Authorized Officer exercises its option in accordance with the Issuing and Paying Agency Agreement to extend the Original Maturity Date of this Note, interest shall be payable on the first Business Day of the second succeeding month and on the first Business Day of each month thereafter and on the Extended Maturity Date for, or the date fixed for redemption of, this Note.

The Extended Rate shall be the rate of interest per annum determined by the following formula:

The greater of (SIFMA Index + *E*) or *F*

The Extended Rate applicable to this Note will be determined weekly by the Issuing and Paying Agent based on the Prevailing Ratings and other information available as of 11:00 a.m., New York, New York time, on the Original Maturity Date of this Note and each Thursday thereafter and will apply from that date through the following Wednesday or, if earlier, the applicable Extended Maturity Date, or the date fixed for redemption of this Note. As used in the formula set forth above, the *E* and *F* variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of the Rating Agencies then rating the Notes at the request of an Authorized Officer, as follows:

Prevailing Rating

Fitch	Moody's	S&P	E Variable	F Variable
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the Notes, the *E* or *F* variable shall be the arithmetic average of those indicated by the Prevailing Ratings. If the Board obtains another rating on the Notes from a credit rating agency, the Issuing and Paying Agent shall, upon written direction of the Authorized Officer, following consultation with the Authorized Officer and the Dealer, determine how the credit rating agency's rating categories shall be treated for the purpose of indicating an *E* or *F* variable. In no event shall the Extended Rate exceed the Maximum Interest Rate.

This Commercial Paper Note is one of an issue of Notes, designated "Hampton Roads Sanitation District (Virginia) Extendable Subordinate Commercial Paper Notes, Series A" (the "Notes"), issued pursuant to a resolution by the Hampton Roads Sanitation District Commission (the "Commission") adopted May 26, 2026 (the "Note Resolution"), and an Issuing and Paying Agency Agreement, dated as of June [ ], 2026 (the "Issuing and Paying Agency Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as issuing and paying agent (the "Issuing and Paying Agent"). The Notes are issued as Subordinate Obligations within the meaning of the Trust Agreement, dated as of October 1, 2011, between the District and The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as Trustee (in such capacity. the "Trustee"), as amended and restated as of March 1, 2016, as further amended and restated as of July 1, 2024, as amended and supplemented from time to time (the "Trust Agreement"). The Net Revenues (as defined in the Trust Agreement) are pledged to secure the payment of the principal of and interest on the Notes. The Notes and such pledge of Net Revenues shall be expressly subordinate and junior to the Lien (as defined in the Trust Agreement) on Net Revenues created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District, to the extent and in the manner set forth below:

In the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection

therewith, relative to the District or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued; and such declaration has not been rescinded and annulled, or (c) any Event of Default under the Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

The Notes are being issued for the purpose of providing funds, together with other available funds, to provide interim financing for (i) a portion of the costs of the District's 2027-2036 Capital Improvement Program, (ii) certain expenses incurred in connection with the issuance of the Notes, (iii) for the payment and redemption or purchase of outstanding Notes, other indebtedness of the District and the refunding of any advances under a direct pay letter of credit or other form of credit or liquidity support for the Notes, if any, and (iv) such other purposes as may be described in a future resolution of the Commission.

By acceptance of this Note, in the event principal of this Commercial Paper Note is not paid on the Original Maturity Date, the Noteholder hereof agrees to surrender this Note to the Issuing and Paying Agent in exchange for a new Note having the Extended Maturity Date.

This Note shall not be subject to redemption at the option of the District prior to its Original Maturity Date. If the District, acting through an Designated Representative, exercise its option to extend the maturity of this Note to the Extended Maturity Date (or this Note is automatically extended to the Extended Maturity Date), this Note may be redeemed on any date after its Original Maturity Date, at the option of an Authorized Officer, at a redemption price equal to par (100%), plus accrued and unpaid interest to the redemption date. To exercise its redemption option, an Authorized Officer shall provide not less than one (1) nor more than twenty-five (25) calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed within one Business Day of receipt of such notice.

This Note is issued and the Note Resolution has been adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, and particularly in conformity with the provisions, restrictions and limitations of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended. Capitalized terms used in this Note and not otherwise defined shall have the meaning set forth in the Note Resolution, Issuing and Paying Agency Agreement or the Trust Agreement, as the case may be.

THIS NOTE IS A SPECIAL, SUBORDINATE OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE NET REVENUES, ON A SUBORDINATE AND JUNIOR BASIS TO SENIOR OBLIGATIONS OF THE DISTRICT SECURED UNDER THE TRUST AGREEMENT, AND ANY OTHER FUNDS AVAILABLE FOR SUCH PURPOSE, INCLUDING THE NOTE PAYMENT FUND CREATED UNDER THE ISSUING AND PAYING AGENCY AGREEMENT. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH OF VIRGINIA OR OF ANY COUNTY, CITY, TOWN OR POLITICAL

SUBDIVISION THEREOF. THE ISSUANCE OF THIS NOTE SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

The Notes are issuable as fully registered Notes in denominations of $100,000 and additional increments of $1,000 above $100,000. Notes may be exchanged at the corporate trust office of the Issuing and Paying Agent for the delivery of Notes, in the manner and subject to the limitations and conditions provided in the Issuing and Paying Agency Agreement, for an equal aggregate principal amount of Notes of the same series and maturity, of other authorized denominations and bearing interest at the same rate.

The transfer of this Note is registrable by the registered owner hereof in person or by his or her attorney or legal representative at the corporate trust office of the Issuing and Paying Agent for the delivery of Notes, but only in the manner and subject to the limitations and conditions provided in the Issuing and Paying Agency Agreement and upon surrender and cancellation of this Note. Upon any such registration of transfer, the District shall execute and the Issuing and Paying Agent shall authenticate and deliver in exchange for this Note a new Note or Notes, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Note, of the same series and maturity and bearing interest at the same rate.

This Note is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Note and the execution of the Note Resolution have happened, exist and have been performed as so required.

Neither the members, officers or employees of the Commission or the District, nor any person executing this Note, is liable personally hereon or subject to any personal liability or accountability by reason of issuance hereof.

This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Note Resolution until it shall have been authenticated by the execution by the Issuing and Paying Agent of the certificate of authentication endorsed hereon.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused this Note to be executed in its name and on its behalf with the facsimile signatures of the Chair and the Secretary of the Hampton Roads Sanitation District Commission and a facsimile of the official seal of said Commission to be printed hereon and this Note to be dated the [ ]th day of June, 2026.

HAMPTON ROADS SANITATION DISTRICT

By:_____
Chair of the Hampton Roads
Sanitation District Commission

By:_____
Secretary of the Hampton Roads
Sanitation District Commission

[Seal]

CERTIFICATE OF AUTHENTICATION

Date of authentication: June [ ], 2026

This Note is a Note issued under the provisions of the within-mentioned Note Resolution.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Issuing and Paying Agent

By_____
Authorized Signatory

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

[Please Print or Typewrite Name and Address of Transferee]

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ _____attorney to register the transfer of the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

DEALER AGREEMENT

Hampton Roads Sanitation District
Extendible Subordinate Commercial Paper Notes, Series A

THIS DEALER AGREEMENT (this "Agreement") is entered into as of June [ ], 2026 by and between the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia (the "District"), and J.P. Morgan Securities LLC (the "Dealer").

RECITALS

WHEREAS, the District proposes to issue its Hampton Roads Sanitation District, Extendible Subordinate Commercial Paper Notes, Series A (the "Commercial Paper Notes") pursuant to an Issuing and Paying Agency Agreement, dated the date hereof (as the same may be amended, modified our otherwise supplemented from time to time, the "Issuing and Paying Agency Agreement"); and

WHEREAS, the Dealer has agreed to act as a dealer for the Commercial Paper Notes and to perform the duties imposed upon the Dealer by the Issuing and Paying Agency Agreement and this Agreement with respect to the Commercial Paper Notes.

AGREEMENT

NOW, THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context clearly indicates a contrary meaning, each capitalized term used in this Agreement shall have the meaning given to that term in the Issuing and Paying Agency Agreement.

Section 2. Appointment of Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, the District hereby appoints J.P. Morgan Securities LLC as a Dealer for the Commercial Paper Notes, and the Dealer hereby accepts such appointment and accepts and agrees to perform the duties and obligations imposed upon it as the Dealer under this Agreement (including but not limited to any instructions that the District may provide in writing to the Dealer with respect thereto) and under the Issuing and Paying Agency Agreement subject to the terms, conditions and limitations set forth in this Agreement.

(b) The District has delivered to the Dealer an executed copy of the Issuing and Paying Agency Agreement. The District agrees to provide the Dealer with a certified copy of any amendment or supplement to the Issuing and Paying Agency Agreement promptly upon the execution thereof.

Section 3. Responsibilities of Dealer.

(a) Subject to the terms and conditions set forth in this Agreement, J.P. Morgan Securities LLC agrees to perform the duties of Dealer set forth in this Agreement. It is understood that in undertaking to perform such duties, and in the performance thereof, it is the intention of the parties that the Dealer will act solely as an agent and not as a principal, except as expressly provided in this Agreement. The Dealer shall use commercially reasonable efforts to solicit and arrange sales of the Commercial Paper Notes on behalf of the District at such rates and maturities as may prevail from time to time in the market. The Dealer and the District agree that any Commercial Paper Notes that the Dealer may arrange the sale of or that, in the Dealer's sole discretion, it may elect to purchase, will be purchased or sold on the terms and conditions and in the manner provided in the Issuing and Paying Agency Agreement and this Agreement. Anything herein to the contrary notwithstanding, to the extent of any conflict between the provisions hereof and of the Issuing and Paying Agency Agreement, the provisions the Issuing and Paying Agency Agreement shall be controlling.

(b) Notwithstanding anything to the contrary contained herein, the Dealer:

(i) may, in its sole discretion which shall not be unreasonably or arbitrarily exercised, suspend its efforts with respect to the offer or sale of the Commercial Paper Notes on behalf of the District immediately upon the occurrence of any of the following events, which suspension may continue so long as such event continues to exist as to the Commercial Paper Notes (the Dealer agrees to give notice to the District of its suspension of efforts promptly after such suspension occurs):

(1) suspension or material limitation in trading in securities generally on the New York Stock Exchange;

(2) a general moratorium on commercial banking or securities settlement or clearance services in New York is declared by either federal or New York State authorities;

(3) (i) the engagement by the United States in hostilities, including, but not limited to, an escalation of hostilities, (ii) the occurrence of a material national or international calamity or crisis, or (iii) the occurrence of a material financial crisis, if, in each case, the effect of such engagement or occurrence, in the Dealer's reasonable judgment, makes it impractical or inadvisable to proceed with the solicitation of offers to purchase the Commercial Paper Notes;

(4) legislation shall be introduced by committee, by amendment or otherwise, or enacted by the House of Representatives or the Senate of the Congress of the United States (the "Congress"), or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the United States Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter shall be made or proposed, to the effect that the offering

or sale of obligations of the general character of the Commercial Paper Notes, as contemplated hereby, is or would be in violation of any provision of the Securities Act of 1933, as amended and then in effect, or the Securities Exchange Act of 1934, as amended and then in effect, or with the purpose or effect of otherwise prohibiting the offering or sale of obligations of the general character of the Commercial Paper Notes or the Commercial Paper Notes transactions, as contemplated hereby;

(5) any event shall occur or information shall become known, which makes untrue, incorrect or misleading in any material respect any statement or information contained in any disclosure materials provided to the Dealer by the District in connection with the performance of the Dealer's duties hereunder, whether provided pursuant to Section 8 hereof or otherwise, or causes such documents to contain an untrue, incorrect or misleading statement of a material fact or to omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(6) any governmental authority shall impose, as to the Commercial Paper Notes, or obligations of the general character of the Commercial Paper Notes, any material restrictions not now in force, or increase materially those now in force;

(7) any of the representations and warranties of the District made in this Agreement shall not have been true and correct in all material respects on the date made;

(8) the District fail to observe any of the covenants or agreements made in this Agreement, or if the Issuing and Paying Agency Agreement is no longer in full force and effect;

(9) any material adverse change in the financial markets generally that is, in the reasonable judgment of the Dealer, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or sale of the Commercial Paper Notes; or

(10) (i) legislation shall have been enacted by the Congress, introduced in the Congress or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury (the "Treasury Department") or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either chamber of Congress by any Committee of such chamber to which such legislation has been referred for consideration or passed by either chamber of Congress, (ii) a decision shall have been rendered by a court of the United States or the United States Tax Court, or (iii) an order, ruling or communication (including a press release) shall have been issued by the Treasury Department or other agency with competent jurisdiction, in each

case with respect to federal taxation upon revenues or other income derived by the District or any similar body, or upon interest received on obligations of the general character of the Commercial Paper Notes, that in the judgment of the Dealer materially adversely affects the market for the Commercial Paper Notes.

(c) The Dealer will be under no obligation to sell Commercial Paper Notes hereunder in the event that the District advises the Dealer in writing that the opinion from Bond Counsel delivered in connection with the initial issuance of the Commercial Paper Notes has been withdrawn, adversely modified or retracted.

Section 4. Transactions in Commercial Paper Notes. All transactions in Commercial Paper Notes between the Dealer and the District shall be in accordance with the Issuing and Paying Agency Agreement, this Agreement and with the customs and practices in the commercial paper market regarding settlement and delivery formally adopted in writing from time to time by the New York Clearinghouse, to the extent not inconsistent with the Issuing and Paying Agency Agreement. As early as possible, but not later than 11:30 a.m. Eastern Time on the day on which any Commercial Paper Notes are to be issued, the Dealer shall notify the District of the proposed Original Maturity Dates, prices and interest rates (which interest rates shall not exceed the Maximum Interest Rate) at which the Dealer will purchase or cause the purchase of the Commercial Paper Notes, and provide the District with any other information as required for delivery of such Commercial Paper Notes. Except as described below, the Dealer shall not be obligated to purchase or cause the purchase of any Commercial Paper Notes unless and until an agreement has been reached by the District and the Dealer in each case on the foregoing points and the Dealer has agreed to such purchase. Not later than 12:00 noon Eastern Time on the date of each transaction the Dealer shall either (a) confirm each transaction made with or arranged by it or (b) notify the District and the Issuing and Paying Agent of the difference, if any, between the principal amount of maturing Commercial Paper Notes and the principal amount of Commercial Paper Notes which the Dealer has arranged to sell or has agreed to purchase. Such confirmation or notification shall be given by telephone (or by other telecommunications medium acceptable to the District) and in writing to the District and the Issuing and Paying Agent pursuant to the requirements of Section 13(a) hereof.

In connection with a mandatory exchange of any Commercial Paper Note pursuant to Section 3.03(e) of the Issuing and Paying Agency Agreement in connection with an extension of the Original Maturity Date by the District, the Dealer shall do the following:

(a) Inform the Holder of the Commercial Paper Note to deliver its position on the original CUSIP number to the Issuing and Paying Agent as a free delivery on the Original Maturity Date in exchange for a new Commercial Paper Note bearing interest at the Extended Rate from the Original Maturity Date to the Extended Maturity Date as a free delivery to the Holder on the Original Maturity Date; and

(b) Follow up with Holders with respect to any unpresented position on the original CUSIP number until final retirement of that position.

Section 5. Payment for Commercial Paper Notes. The Dealer shall pay for the Commercial Paper Notes arranged to be sold by the Dealer (or purchased by the Dealer for its own account) in immediately available funds by 2:00 p.m. Eastern Time on the Business Day such Commercial Paper Notes are delivered to the Dealer (provided that such Commercial Paper Notes are so delivered to the Dealer by 12:30 p.m. Eastern Time on such Business Day). All Commercial Paper Notes will be sold at par, and the Commercial Paper Notes will be evidenced either by (i) a global Master Note immobilized with The Depository Trust Company of New York or (ii) Commercial Paper Notes in the form attached to the Issuing and Paying Agency Agreement.

Section 6. Designated Representative. Commercial Paper Note transactions with the District, pursuant to Section 4 herein, shall be with any one of the officers or employees of the District who are designated as a Designated Representative by certificate signed by the Designated Representative. The initial written designation of the Authorized Officers is appended hereto as Appendix A. The District agrees to provide the Dealer with revised written designations in the form of Appendix A when and as required by changes in the Designated Representative. The Dealer may rely upon such designation unless and until otherwise notified in writing by the District.

Section 7. Resignation and Removal of Dealer. The Dealer may at any time resign and be discharged of its duties and obligations hereunder upon providing the District and the Issuing and Paying Agent with sixty (60) days' prior written notice or, if earlier, on the date that a replacement Dealer has been appointed by the District if the District in its sole discretion elects to appoint a replacement Dealer. The Dealer may be removed at any time, at the direction of the District upon seven (7) days' prior written notice to the Dealer and the Issuing and Paying Agent. The Dealer shall assign and deliver this Agreement to its successor if requested by the District.

Section 8. Furnishing of Disclosure Materials.

(a) Prior to the first issuance of Commercial Paper Notes under the Issuing and Paying Agency Agreement, the District agrees to furnish the Dealer with as many copies as the Dealer may reasonably request of the offering memorandum relating to the Commercial Paper Notes (the "Offering Memorandum"), and such other information with respect to the District, the Wastewater System (as defined in the Trust Agreement) and the Commercial Paper Notes as the Dealer may reasonably request from time to time.

(b) The District agrees to prepare a new Offering Memorandum from time to time for the Commercial Paper Notes in the event the Dealer determines that the preparation and distribution of such Offering Memorandum is necessary or desirable in connection with offering and sale on behalf of the District of the Commercial Paper Notes, and to furnish or to cause to be furnished to the Dealer as many copies of such new Offering Memorandum as the Dealer may request.

(c) If, at any time during the term of this Agreement, any event shall occur or facts become known to either party that might affect the correctness or completeness of any statement of a material fact contained in the then current Offering Memorandum, such party shall promptly notify the other in writing of the circumstances and details of such event. The District agrees to promptly furnish to the Dealer a copy of each filing or notice made to anyone (whether in connection with the Commercial Paper Notes or not) pursuant to any undertaking or other agreement of the District

made under any provision of Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 9. Fees and Expenses. For the Dealer's services under this Agreement, the District will pay the Dealer a fee based on the average daily principal amount of Commercial Paper Notes Outstanding, computed according to the following formula:

6.5 basis points multiplied by the principal amount of Commercial Paper Notes Outstanding multiplied by the number of days Commercial Paper Notes are Outstanding divided by 365 or 366 days (as applicable for the calendar year).

Such fee shall be payable quarterly in arrears on March 31, June 30, September 30 and December 31, commencing with the calendar quarter that ends after the initial issuance of Commercial Paper Notes. The Dealer shall deliver an invoice to the District for such payments; provided, however, that failure of the Dealer to deliver such an invoice shall not reduce the District's obligation to timely pay the fees due hereunder.

The District shall pay the Dealer attorneys' fees (in an amount not to exceed $25,000) in connection with the establishment of the District's Commercial Paper Note program pursuant to the Authorizing Resolution and the Issuing and Paying Agency Agreement.

Section 10. Representations, Warranties, Covenants and Agreements of the District. The District represents, warrants, covenants, and agrees with the Dealer that:

(a) The District is a political subdivision of the Commonwealth duly created and validly existing under the laws of the Commonwealth;

(b) The District has full power and authority to issue the Commercial Paper Notes, to enter into, perform and observe the covenants and agreements on its part contained in this Agreement, the Issuing and Paying Agency Agreement and the Commercial Paper Notes (collectively, together with any other agreements executed and delivered by the District in connection with the issuance or sale of the Commercial Paper Notes, the "Financing Documents") and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents; and such Financing Documents have been duly authorized, executed and delivered by the District. The Financing Documents constitute legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable;

(c) The District has authorized the issuance, execution and delivery of the Commercial Paper Notes and execution and delivery of the Financing Documents by the Authorizing Resolution, duly adopted at a meeting duly called and at which a quorum was present and acting throughout. The Authorizing Resolution is in full force and effect and has not been modified or amended since its adoption;

(d) The Master Note authorized by the Issuing and Paying Agency Agreement has been duly authorized and executed by the District and, when authenticated and delivered by the Issuing and Paying Agent, will constitute valid and binding limited obligations of the District in accordance with their terms, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable, and will be in conformity with and entitled to the benefit of the Issuing and Paying Agency Agreement;

(e) The Offering Memorandum prepared by the District with respect to the Commercial Paper Notes, dated June [ ], 2026 (as the same may be supplemented or replaced in accordance with the terms of the Issuing and Paying Agency Agreement and Section 8 of this Agreement, the "Offering Memorandum"), does not contain any untrue statement of a material fact or omit to state a material fact\ necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(f) There are no consents, authorization or approvals of, or filings with, any federal or state government authority (other than the District) required in connection with the issuance or sale by the District of the Commercial Paper Notes or the performance of its obligations thereunder except as may be required by state securities laws (as to which no representation is made) and those which have already been obtained or made;

(g) The execution, delivery and performance by the District of this Agreement, the Commercial Paper Notes, and the other Financing Documents have not and will not result in a breach or violation of, conflict with, or constitute a default under any law, regulation, order, judgment, agreement or instrument to which the District is a party or by which the District or any of its property is bound;

(h) Each delivery of Commercial Paper Notes to the Dealer shall be deemed a representation and warranty by the District, as of the date thereof, that (i) the Commercial Paper Notes issued on such date have been duly authorized, issued and delivered and, upon payment therefor, will constitute legal, valid and binding limited obligations of the District, enforceable against the District in accordance with their terms, and the terms of the Authorizing Resolution and the Issuing and Paying Agency Agreement, subject to the exercise of judicial discretion in accordance with general principles of equity and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable, and (ii) the representations and warranties of the District set forth in paragraphs (a) through (g) of this Section 10 are true and correct as if made on such date; and

(i) The District will provide to the Dealer within not less than two (2) Business Days of the execution of any CP Credit Agreement or amendment thereto including any extension of any such facility, a copy of such executed agreement or amendment.

(j) The District will take all actions within its control necessary to maintain the exclusion of interest on the Commercial Paper Notes from the gross income of the holders thereof for federal income tax purposes.

Section 11. Term of Agreement. This Agreement shall become effective on the date hereof and shall continue in full force and effect until the termination of the Issuing and Paying Agency Agreement, subject to the right of suspension and termination by either party as provided herein.

Section 12. Dealing in Commercial Paper Notes by the Dealer; No Obligation to Purchase Commercial Paper Notes. (a) The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Commercial Paper Notes, including, without limitation, any Commercial Paper Notes offered and sold by the Dealer pursuant to this Agreement, and may join in any action which any Registered Owner may be entitled to take with like effect as if it did not act in any capacity hereunder. The Dealer, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District and may act as depositary, account party, or agent for any committee or body of owners of the Commercial Paper Notes or other obligations of the District as freely as if it did not act in any capacity hereunder.

(b) Nothing in this Agreement shall be deemed to constitute the Dealer an underwriter of the Commercial Paper Notes or to obligate the Dealer to purchase any Commercial Paper Notes for its own account at any time.

Section 13. Miscellaneous. (a) Except as otherwise specifically provided in this Agreement, all notices, demands and formal actions under this Agreement shall be in writing and either (i) hand-delivered, (ii) sent by electronic means, or (iii) mailed by registered or certified mail, return receipt requested, postage prepaid, to:

The Dealer:

J.P. Morgan Securities LLC
Public Finance Short Term Trading
383 Madison Avenue, 3rd Floor
New York, New York 10179
Attention:
Telephone:
E-Mail:

The District:

Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, Virginia
Attention: Deputy General Manager and Chief Financial Officer
Telephone:
Email:

The Issuing and Paying Agent:

The Bank of New York Mellon Trust Company, N.A.

[Address]

Each party hereto may, by notice given under this Agreement to the other parties described above, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) This Agreement shall inure to the benefit of and be binding only upon the parties hereto and their respective successors and assigns. The terms "successors" and "assigns" shall not include any purchaser of any of the Commercial Paper Notes merely because of such purchase. No owner of the Commercial Paper Notes or other third party shall have any rights or privileges hereunder.

(c) All of the representations and warranties of the District and the Dealer in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Dealer or the District, (ii) the offering and sale of and any payment for any Commercial Paper Notes hereunder, or (iii) suspension, termination or cancellation of this Agreement.

(d) This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements and understandings between the parties.

(e) This Agreement and each provision herein may be amended, changed, waived, discharged or terminated only by an instrument in writing signed by the parties hereto.

(f) Nothing herein shall be construed to make any party an employee of the other or to establish any fiduciary relationship between the parties except as expressly provided herein.

(g) If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatsoever.

(h) This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth except that the duties and obligations of the Dealer shall be governed by the laws of the State of New York. Each party hereto irrevocably waives, if and to the extent permitted by applicable law, any and all right to a trial by jury in any action, suit or legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby.

(i) This Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 14. Relationship of Parties. (a) The District acknowledges and agrees that (i) the offer and sale of the Commercial Paper Notes pursuant to this Agreement is an arm's length commercial transaction between the District and the Dealer, (ii) in connection with such transaction, the Dealer is acting solely as a principal and not as a fiduciary of or financial advisor to the District, (iii) the Dealer is not acting as a Municipal Advisor (as defined in Section 17B of

the Securities Exchange Act of 1934, as amended), (iv) the Dealer has not assumed a fiduciary responsibility in favor of the District with respect to the offer or sale of the Commercial Paper Notes or the process leading thereto (whether the Dealer, or any affiliate of the Dealer, has advised or is currently advising the District on other matters) or any other obligation to the District except the obligations expressly set forth in this Agreement, (v) the Dealer has financial and other interests that differ from those of the District, (vi) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offer and sale of the Commercial Paper Notes and (vii) the only obligations the Dealer has to the District with respect to the transactions contemplated hereby are expressly set forth in this Agreement.

(b) The District further acknowledge that the Dealer may not be able to perform some of the services the District may request of the Dealer from time to time in connection with the Dealer's engagement as a dealer of the Commercial Paper Notes to the extent that such services would cause the Dealer to be considered a "municipal advisor" under SEC Rel. No. 34-70462 (Sept. 20, 2013) implementing Section 975 of the Dodd Frank Wall Street Reform and Consumer Protection Act.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

HAMPTON ROADS SANITATION DISTRICT

By: _____

Name: _____

Title: _____

J.P. MORGAN SECURITIES LLC

By: _____

Name: _____

Title: _____

APPENDIX A

CERTIFICATE OF HAMPTON ROADS SANITATION DISTRICT DESIGNATED REPRESENTATIVES

We are the officers acting on behalf of Hampton Roads Sanitation District (the "District") as specified below. We are duly authorized pursuant to the Authorizing Resolution (as defined in the Issuing and Paying Agency Agreement defined below) and the Issuing and Paying Agency Agreement, dated as of June [ ], 2026 (the "Issuing and Paying Agency Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as Issuing and Paying Agent thereunder, to act severally as a Designated Representative (as defined in the Issuing and Paying Agency Agreement) in connection with the issuance, from time to time, by the District of its Extendable Subordinate Commercial Paper Notes, Series A (the "Commercial Paper Notes") in accordance with the Issuing and Paying Agency Agreement. The specimen signature of each Designated Representative is set forth beside their respective names and titles.

Designated Representative	Title	Specimen Signature
		_____
		_____
		_____

Executed this ____ day of, _____ 2026.

_____
Name:
Title:

OFFERING MEMORANDUM DATED JUNE _, 2026

This Offering Memorandum contains information concerning the offering by the Hampton Roads Sanitation District (the "District") of the Series A and the Series B Notes (each as hereinafter defined, and collectively, the "Notes"). This cover page contains information for quick reference only and is not a summary of the issue. Investors must read this entire Offering Memorandum, including the Appendices, to obtain information essential to making an informed investment decision.

UP TO $350,000,000 AGGREGATE PRINCIPAL AMOUNT
HAMPTON ROADS SANITATION DISTRICT
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES A
EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES B
(FEDERALLY TAXABLE)

The Notes	Extendable Subordinate Commercial Paper Notes, Series A (the "Series A Notes"), and Extendable Subordinate Commercial Paper Notes, Series B (Federally Taxable) (the "Series B Notes" and collectively with the Series A Notes, the "Notes").
Note Ratings	Moody's Investors Service, Inc.: "___" S&P Global Ratings: "___"
Form of the Notes	The Notes initially will be registered in the name of The Depository Trust Company or its nominee in a book-entry-only system and may be issued in denominations of $100,000 or in an integral multiple of $1,000 in excess of $100,000.
Maturity	Each Note will mature on its Original Maturity Date, which may range from one to 150 days from the date of issuance thereof, unless the Original Maturity Date is extended to the Extended Maturity Date, as described herein, which shall be a Business Day that is not more than 270 days after the date of issuance of such Note.
Interest	Interest on the Notes from their respective dates of issuance to but excluding their Original Maturity Date will be payable on the Original Maturity Date. If the Original Maturity Date of a Note is extended to its Extended Maturity Date, interest on such Note will bear interest at the applicable Extended Rate (as described herein) from the Original Maturity Date to but excluding the Extended Maturity Date or date of earlier redemption, payable on the Extended Maturity Date or earlier redemption date. Interest on Series A Notes will be calculated on the basis of a 365/366-day year and actual number of days elapsed. Interest on the Series B Notes will be calculated on the basis of a 360-day year and actual number of days elapsed.
Security	The Notes are Subordinate Obligations, within the meaning of the Trust Agreement (as defined herein), between the District and the Trustee (as defined herein), and are expressly subordinate and junior to the Lien on Net Revenues (each as defined in the Trust Agreement) created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" herein.
Liquidity	The District is not required to establish or maintain any external source of liquidity or credit support for the Notes. The District has not covenanted, for the benefit of Noteholders or otherwise, to maintain liquidity at any particular level. See "CERTAIN INVESTMENT CONSIDERATIONS – Liquidity" herein.
Tax Matters	Interest on the Series A Notes will not be includable in the gross income of the owners thereof for federal income tax purposes. Interest on the Series B Notes will be includable in the gross income of the owners thereof for federal income tax purposes. See "TAX MATTERS FOR SERIES A NOTES" and "TAX MATTERS FOR SERIES B NOTES" herein.
Issuing and Paying Agent	The Bank of New York Mellon Trust Company, N.A.

J.P. Morgan
as Dealer

HAMPTON ROADS SANITATION DISTRICT

COMMISSIONERS

STEPHEN C. RODRIGUEZ, *Chair*

WILLIE LEVENSTON, JR. *Vice Chair*

ELIZABETH A. ANDREWS
VISHNU K. LAKDAWALA, Ph.D.
ELIZABETH A. TARASKI, Ph.D.
MICHAEL E. GLENN
NANCY J. STERN
ANN W. TEMPLEMAN

STAFF

JAY A. BERNAS, P.E.
General Manager and Chief Executive Officer

STEVEN G. de MIK, CPA
Deputy General Manager and
Chief Financial Officer

EDDIE M. ABISAAB, P.E.
Chief Operating Officer

CHARLES B. BOTT, Ph.D., P.E.
Chief Technology Officer

MARY H. CORBY
Chief Information Officer

JAMIE HEISIG-MITCHELL
Chief of Water Quality

JEFF SCARANO, P.E.
Chief Engineer

CHRISTINA GIBSON
Chief People Officer

LEILA E. RICE, APR
Chief Communications Officer

ELIZABETH I. SCOTT
Commission Secretary

COUNSEL, ADVISOR, FISCAL AGENT

SANDS ANDERSON PC
General Counsel

PFM FINANCIAL ADVISORS LLC
Municipal Advisor

NORTON ROSE FULBRIGHT US LLP
Bond Counsel

AQUALAW PLC
Special Counsel

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Fiscal Agent and Bond Registrar

HRSD Service Area

Facilities include the following:

1. Atlantic, Virginia Beach
2. Army Base, Norfolk
3. Virginia Initiative, Norfolk
4. Nansemond, Suffolk
5. Boat Harbor, Newport News
6. James River, Newport News
7. Williamsburg, James City County
8. York River, York County
9. West Point, King William County
10. King William, King William County
11. Central Middlesex, Middlesex County
12. Urbanna, Middlesex County
13. Onancock, Accomack County
14. Nassawadox, Northampton County

Serving the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg and the Counties of Accomack, Gloucester, Isle of Wight, James City, King and Queen, King William, Mathews, Middlesex, Northampton, Surry* and York
*Excluding the Town of Claremont



REGARDING USE OF THIS OFFERING MEMORANDUM

The information in this Offering Memorandum has been obtained from Hampton Roads Sanitation District (the "District") and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum, and if given or made, such information or representations must not be relied upon as having been authorized by the District. Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Offering Memorandum nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the District since the date hereof.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Dealer has provided the following sentence for inclusion in this Offering Memorandum: The Dealer has reviewed the information in this Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. FURTHER, THE NOTES HAVE NOT BEEN REGISTERED UNDER THE LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES MAY NOT BE EXEMPT IN EVERY JURISDICTION IN THE UNITED STATES. THE EXEMPTIONS FROM REGISTRATION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF FEDERAL OR STATE LAWS CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY, AND NO SUCH COMMISSION OR REGULATORY AUTHORITY HAS REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE NOTES, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

This Offering Memorandum contains forward-looking statements, which can be identified by the use of the future tense or other forward-looking terms such as "may," "intend," "will," "expect," "anticipate," "plan," "management believes," "estimate," "continue," "should," "strategy," or "position" or the negatives of those terms or other variations on them or by comparable terminology. In particular, any statements, express or implied, concerning future operating results or the ability to generate revenues or cash flow to service indebtedness are forward-looking statements. Such forward-looking statements include, among others, statements under the headings "CERTAIN INVESTMENT CONSIDERATIONS" and in APPENDIX A – "HAMPTON ROADS SANITATION DISTRICT." Investors are cautioned that reliance on any of those forward-looking statements involves risks and uncertainties and that, although the District's management believes that the assumptions on which those forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions also could be incorrect, and actual results may differ materially from any results indicated or suggested by those assumptions. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Offering Memorandum should not be regarded as a representation by the District that its plans and objectives will be achieved. All forward-looking statements are expressly qualified by the cautionary statements contained in this paragraph. The District undertakes no duty to update any forward-looking statements.

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OFFERING MEMORANDUM

UP TO $350,000,000 AGGREGATE PRINCIPAL AMOUNT
HAMPTON ROADS SANITATION DISTRICT

EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES A

EXTENDABLE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES B (FEDERALLY TAXABLE)

INTRODUCTION

This Offering Memorandum, including the cover and inside cover pages and Appendices, is furnished by the Hampton Roads Sanitation District ("HRSD" or the "District") to provide information concerning the offering of its Extendable Subordinate Commercial Paper Notes, Series A (the "Series A Notes"), and its Extendable Subordinate Commercial Paper Notes, Series B (Federally Taxable) (the "Series B Notes" and collectively with the Series A Notes, the "Notes").

The Notes are being issued in accordance with the provisions of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"). On [May 26], 2026, the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of the District, adopted a resolution (the "Note Resolution") authorizing the issuance of the Notes. For additional information regarding the District, see APPENDIX A – "HAMPTON ROADS SANITATION DISTRICT."

The Series A Notes are being issued pursuant to the Note Resolution, the Series A Issuing and Paying Agency Agreement (as defined herein), and an Issuance Request of the District, dated as of June _, 2026. The Series B Notes are being issued pursuant to the Note Resolution, the Series B Issuing and Paying Agency Agreement, and an Issuance Request of the District, dated as of June _, 2026.

The Notes are issued as Subordinate Obligations, within the meaning of the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, and as further amended and restated as of July 1, 2024, as supplemented (as so amended, restated and supplemented, the "Trust Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), and are expressly subordinate and junior to the Lien on Net Revenues (each as defined in the Trust Agreement and described herein) created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" herein.

THE NOTES ARE SPECIAL, SUBORDINATE OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET REVENUES, ON A SUBORDINATE AND JUNIOR BASIS TO SENIOR OBLIGATIONS OF THE DISTRICT SECURED UNDER THE TRUST AGREEMENT, AND ANY OTHER FUNDS AVAILABLE FOR SUCH PURPOSE. SEE "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" HEREIN. THE NOTES SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH OF VIRGINIA OR OF ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE NOTES SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

The District has appointed The Bank of New York Mellon Trust Company, N.A., to act as Issuing

and Paying Agent with respect to the Series A Notes and the Series B Notes (in such capacity, the "Issuing and Paying Agent") pursuant to separate Issuing and Paying Agency Agreements, each dated as of June 1, 2026, between the District and the Issuing and Paying Agent (the Issuing and Paying Agency Agreement relating to the Series A Notes, the "Series A Issuing and Paying Agency Agreement", the Issuing and Paying Agency Agreement relating to the Series B Notes, the "Series B Issuing and Paying Agency Agreement" and collectively, the "Issuing and Paying Agency Agreements").

The District has appointed J.P. Morgan Securities LLC (the "Dealer") to act as dealer for the Series A Notes and the Series B Notes pursuant to separate Dealer Agreements, each dated as of June 1, 2026, between the District and the Dealer (each a "Dealer" and collectively the "Dealers").

Capitalized terms used in this Offering Memorandum and not defined have the meanings set forth in the Trust Agreement, and the Issuing and Paying Agency Agreements.

DESCRIPTION OF THE NOTES

General

Notes may be issued in the aggregate principal amount outstanding at any one time not to exceed $350,000,000. The Series A Notes will be issued as obligations the interest on which is intended to be excluded from gross income for federal income tax purposes, subject to the matters described under "TAX MATTERS FOR SERIES A NOTES" herein. The Series B Notes will be issued as obligations the interest on which is intended to be included gross income for federal income tax purposes. See "TAX MATTERS FOR SERIES B NOTES" herein.

The Notes will have varying maturities of not more than 270 days from their respective Issue Dates.

The Notes are issuable as interest-bearing obligations in minimum denominations of $100,000 and integral multiples of $1,000 in excess of such amount. Interest on Series A Notes will bear interest from and including their respective date of issuance (each, a "Note Date") at a rate not in excess of the Maximum Rate, and will be computed on the basis of a 365/366-day year and actual number of days elapsed. Interest on Series B Notes will bear interest from and including their Note Date at a rate not in excess of the Maximum Rate, will be computed on the basis of a 360-day year and actual number of days elapsed.

All Notes will be issued in book-entry-only form through The Depository Trust Company ("DTC"), New York, New York. The Notes will be issued as fully registered obligations and registered in the name of Cede & Co., as registered owner and nominee for DTC. Beneficial ownership interests in the Notes will be available in book-entry form only, and purchasers of the Notes will not receive physical certificates representing their interests in the Notes purchased. While held in book-entry-only form, all payments of principal of and interest on the Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See APPENDIX E – "THE DEPOSITORY TRUST COMPANY" for additional information.

Extendable Commercial Paper Notes

Each issuance of Notes shall be dated the Note Date and mature on such date (the "Original Maturity Date") as the District determines at the time of sale, which may range from one to 150 days from the Note Date. If any Note remains unpaid at its Original Maturity Date, then such Note will mature on the Extended Maturity Date for such Note, which will be a Business Day not more than 270 calendar days from its Note Date. "Business Day" means any day other than a Saturday, Sunday, or other day on which banks in the Commonwealth or State of New York are authorized or required to be closed or day on which

the New York Stock Exchange is closed.

In no event will the extension of the Original Maturity Date to the Extended Maturity Date constitute an event of default under the Notes or a breach of any covenant under the Issuing and Paying Agency Agreements or the Dealer Agreements.

If the option to extend the Original Maturity Date of a Note to an Extended Maturity Date is exercised, a representative designated by the District in accordance with the Issuing and Paying Agency Agreement (a "Designated Representative") is to deliver to the Issuing and Paying Agent and the Dealer an Extension Request by no later than 10:00 a.m. Eastern Standard or Eastern Daylight Time, as applicable, in New York, New York ("Eastern Time") on the Original Maturity Date. The Issuing and Paying Agent is to notify (i) DTC by 11:30 a.m. Eastern Time on the Original Maturity Date and (ii) each Rating Agency then maintaining a rating on the Notes by 5:00 p.m. Eastern Time on the Original Maturity Date, that the maturity of such Note is being extended to the Extended Maturity Date. Even if the requisite notices are not given, if payment of the principal of and interest on a Note does not occur on the Original Maturity Date, the maturity of the Note will be extended automatically to the Extended Maturity Date. With the consent of the Issuing and Paying Agents and the Dealers, the Designated Representative may modify the notification provisions contained in the Issuing and Paying Agency Agreements if deemed appropriate to conform to DTC's rules and procedures.

By acceptance of a Note, the Noteholder agrees that, should the maturity of a Note be extended from the Original Maturity Date to an Extended Maturity Date, on the Original Maturity Date the Noteholder shall surrender such Note to the Issuing and Paying Agent in exchange for a new Note of like tenor and character as the Note surrendered but having the Extended Maturity Date instead of the Original Maturity Date and bearing interest at the Extended Rate.

Upon a mandatory exchange of any Note in connection with an extension of the Original Maturity Date by an Authorized Officer, the Issuing and Paying Agent shall do the following upon notice from the Authorized Officer or Dealer by 3:00 p.m. Eastern Time on the Business Day prior to the Original Maturity Date (and in no event later than 11:00 a.m. Eastern Time on the Original Maturity Date): (i) cause the original principal amount on such Note to be zero in the DTC MMI Same Day Funds Settlement System platform to avoid a maturity principal payment on the Original Maturity Date; (ii)(a) notify DTC by no later than 11:30 a.m. Eastern Time on the Original Maturity Date, (b) notify any Rating Agency then maintaining a rating on the Notes by no later than 5:00 p.m. Eastern Time on the Original Maturity Date, and (c) post a notice on EMMA by no later than 5:00 p.m. New York, New York time on the Original Maturity Date, that the maturity of such Note has been extended to the Extended Maturity Date specified in the extension notice from the Authorized Officer; and (iii) upon delivery of a Noteholder's position on the original Note to the Issuing and Paying Agent as a "free" delivery on the Original Maturity Date, (1) retire such Note and (2) deliver a new Note bearing interest at the Extended Rate from the Original Maturity Date to the Extended Maturity Date as a "free" delivery to the Dealer or such Noteholder, as applicable, by 5:00 p.m. Eastern Time on the Original Maturity Date.

Interest Payments

Each Note will bear interest at the applicable Original Rate from and including its Note Date until but excluding its Original Maturity Date and shall be payable on the Original Maturity Date. Principal and accrued interest will be payable on the Original Maturity Date, unless the District exercises its option to extend the Original Maturity Date to the Extended Maturity Date (or if any Note is automatically extended to the Extended Maturity Date). The Original Rate, Extended Rate, Original Maturity Date, Extended Maturity Date and other terms of the Notes, as long as not inconsistent with the terms of the Note Resolution and the applicable Issuing and Paying Agency Agreement, are to be set forth in the Issuance

Request prepared by the Designated Representative directing the issuance of Notes. If the District exercises its option in accordance with the applicable Issuing and Paying Agency Agreement to extend the Original Maturity Date of a Note (or if a Note is automatically extended to the Extended Maturity Date), accrued interest from and including the Note Date to but excluding the Original Maturity Date is to be paid on the Original Maturity Date, and the Note will bear interest from and including its Original Maturity Date at the Extended Rate (as described below), and no additional interest shall accrue on the accrued but unpaid interest from the Note Date to the Original Maturity Date.

If a Note is extended to the Extended Maturity Date, interest accruing from and after the Original Maturity Date will be payable on the Extended Maturity Date or upon prior redemption. Such interest will be calculated at the Extended Rate from the Original Maturity Date to the Extended Maturity Date or date of prior redemption as the case may be.

Extended Rate-Series A Notes

If a Series A Note is extended to the Extended Maturity Date, such Series A Note will bear interest at the Extended Rate from and including the Original Maturity Date to but excluding the Extended Maturity Date. The "Extended Rate" for Series A Notes is the rate of interest per annum, established in accordance with the formula below, for each weekly period from and after the Original Maturity Date.

The greater of (SIFMA Index + *E*) and *F*

The Extended Rate applicable to a Series A Note will be determined by the Issuing and Paying Agent as provided in the Issuing and Paying Agency Agreement. As used in the formula set forth above in this definition, the E and F variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of Fitch Ratings, Inc. ("Fitch"), Moody's Investors Service, Inc. ("Moody's"), and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), if then rating the Series A Notes at the request of the District, as follows:

Prevailing Rating

Fitch	Moody's	S&P	E Variable	F Variable
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different *E* or *F* variables as a result of split ratings assigned to the Series A Notes, the *E* or *F* variable will be the arithmetic average of those indicated by the Prevailing Ratings. If the District obtains another rating on the Notes from a credit rating agency, the Issuing and Paying Agent, upon written direction of a Designated Representative, following consultation with such Designated Representative and the Dealer, will determine how the credit rating agency's rating categories will be treated for the purpose of indicating an *E* or *F* variable. In no event is the Extended Rate for a Series A Note to exceed the maximum interest rate authorized by the District from time to time for the Series A Notes (initially meaning 10% per annum, until the District provides notice thereof to the Issuing and Paying Agent in the form and manner required by the Series A Issuing and Paying Agency Agreement).

"SIFMA Index" means (i) the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association ("SIFMA") or any person acting in cooperation with or under the sponsorship of SIFMA or (ii) if such index is not published, such other publicly available rate as the District, acting through a Designated Representative (in consultation with the Dealers) shall deem most nearly equivalent thereto. Such index may be expressed as a percentage of (more or less than, or equal to, 100%) and/or a fixed spread to another index.

Extended Rate-Series B Notes

If a Series B Note is extended to the Extended Maturity Date, such Series B Note will bear interest at the Extended Rate from and including the Original Maturity Date to but excluding the Extended Maturity Date. The "Extended Rate" for Series B Notes is the rate of interest per annum, established in accordance with the formula below, for each weekly period from and after the Original Maturity Date.

The greater of (SOFR Index + *E*) and *F*

The Extended Rate applicable to a Series B Note will be determined by the Issuing and Paying Agent as provided in the Issuing and Paying Agency Agreement. As used in the formula set forth above in this definition, the E and F variables shall be the fixed percentage rates, expressed in basis points and yields, respectively, determined based on the Prevailing Ratings of Fitch, Moody's and S&P, if then rating the Series B Notes at the request of the District, as follows:

Prevailing Rating

Fitch	Moody's	S&P	E Variable	F Variable
F-1+	P-1	A-1+	250 bps	7.00%
F-1	-	A-1	350 bps	7.50%
F-2	P-2	A-2	550 bps	8.00%
Lower than F-2 (or rating withdrawn for credit reasons)	Lower than P-2 (or rating withdrawn for credit reasons)	Lower than A-2 (or rating withdrawn for credit reasons)	Max Rate	Max Rate

If the individual Prevailing Ratings indicate different E or F variables as a result of split ratings assigned to the Series B Notes, the E or F variable will be the arithmetic average of those indicated by the Prevailing Ratings. If the District obtains another rating on the Notes from a credit rating agency, the Issuing and Paying Agent, upon written direction of a Designated Representative, following consultation with such Designated Representative and the Dealer, will determine how the credit rating agency's rating categories will be treated for the purpose of indicating an E or F variable. In no event is the Extended Rate for a Series B Note to exceed the maximum interest rate authorized by the District from time to time for the Series B Notes (initially meaning 10% per annum, until the District provides notice thereof to the Issuing and Paying Agent in the form and manner required by the Issuing and the Series B Paying Agency Agreement).

"SOFR Index" means _____.

Redemption Provisions

The Notes are not subject to redemption prior to the Original Maturity Date. Upon extension of the Original Maturity Date to the Extended Maturity Date, Notes shall, after being extended, be subject to

redemption at a redemption price equal to the principal thereof plus accrued and unpaid interest to the redemption date at the option of the District in accordance with the terms of the Issuing and Paying Agency Agreements. To exercise its redemption option, the Board shall provide not less than one nor more than 25 calendar days' notice to the Issuing and Paying Agent. The Issuing and Paying Agent will notify DTC of the Notes to be redeemed within one Business Day of receipt of such notice.

USE OF PROCEEDS

The proceeds of the Series A Notes are to be used (i) to finance or refinance certain capital projects of the District, (ii) to refund certain outstanding debt of the District, and (iii) to pay the principal of maturing Notes.

The proceeds of the Series B Notes are to be used (i) to finance or refinance certain capital projects of the District, (ii) to refund certain outstanding debt of the District, (iii) for general operating purposes of the District, to the extent permitted by the Enabling Act, and (iv) to pay the principal of maturing Notes.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

THE NOTES ARE SPECIAL, SUBORDINATE OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET REVENUES, ON A SUBORDINATE AND JUNIOR BASIS TO SENIOR OBLIGATIONS OF THE DISTRICT SECURED UNDER THE TRUST AGREEMENT, AND ANY OTHER FUNDS AVAILABLE FOR SUCH PURPOSE. THE NOTES SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH OF VIRGINIA OR OF ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE NOTES SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

General; Subordination to Senior Obligations

The Notes are Subordinate Obligations, within the meaning of the Trust Agreement. The District's Net Revenues (as defined in the Trust Agreement) are pledged to secure the payment of the principal of and interest on the Notes. The Notes and such pledge of Net Revenues shall be expressly subordinate and junior to the Lien (as defined in the Trust Agreement) on Net Revenues created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District, to the extent and in the manner described below.

Under the Trust Agreement, in the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the District or to its property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued, and such declaration has not been rescinded and annulled, or (c) any event of default under the Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such event of default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate

Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

Authorized Sources of Repayment for Notes

Because the Notes provide short-term interim financing, the District contemplates (and the Commission has authorized) the principal of and the interest on the Notes to be paid with one or more of the following: (i) the proceeds of bonds of the District issued as Senior Obligations under the Trust Agreement, (ii) draws on one or more of the WIFIA Bonds (as defined and described herein) previously issued by the District on a draw-down basis, (iii) the proceeds of grants received from the Commonwealth of Virginia Department of Environmental Quality or other governmental third parties, (iv) the proceeds of new Notes or other Subordinate Obligations of the District, and (v) other District funds that may be available for such purpose.

The District has not covenanted for the benefit of owners of the Notes (or otherwise) to maintain liquidity at any particular level.

No Financial Covenants for Notes; No Rights Under Trust Agreement

The owners of the Notes do not benefit from any financial or operating covenants of the District.

In addition, the Trust Agreement states that it does not confer upon any person, firm or corporation, other than the Trustee, the Bond Registrar for the Senior Bonds (as defined below), the District and the owners of the Senior Obligations, any right, remedy or claim, legal or equitable, under or by reason of the Trust Agreement or any provision being intended to be for the sole and exclusive benefit of the Trustee, the District, the Bond Registrar for the Senior Bonds and the owners of the Senior Obligations.

Outstanding Senior Obligations

Under the Trust Agreement, the Notes are expressly subordinate and junior to the Lien on Net Revenues (each as defined in the Trust Agreement) created pursuant to the Trust Agreement in favor of Senior Obligations (as defined in the Trust Agreement) of the District.

Set out below is a description of the Senior Obligations outstanding as of June _, 2026. The bonds of the District described under the sub-captions "*– Publicly Held Bonds"* and *"– WIFIA Bonds"* below are referred to collectively herein as "Senior Bonds."

Publicly Held Bonds. As of June [30], 2026, the District has outstanding seven series of publicly held Bonds constituting Senior Obligations under the Trust Agreement, including its Wastewater Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), of which $73,055,000 principal amount is outstanding, its variable rate Wastewater Revenue Bonds, Series 2016B (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Series 2016 Bonds"), of which $50,000,000 principal amount is outstanding, its Wastewater Revenue Bonds, Refunding Series 2017A (the "Series 2017 Bonds"), of which $72,055,000 principal amount is outstanding, its Wastewater Revenue Bonds, Series 2018A (the "Series 2018 Bonds"), of which $13,415,000 principal amount is outstanding, its Wastewater Revenue Bonds, Refunding Series 2019A (Federally Taxable) (the "Series 2019 Bonds"), of which $186,010,000 principal amount is outstanding, its Wastewater Revenue Bonds, Refunding Series 2024A (the "Series 2024A Bonds"), of which $81,150,000 principal amount is outstanding, and its Wastewater Revenue Bonds, Series 2024B (the "Series 2024B Bonds"), of which $240,775,000 principal amount is outstanding.

All of the Senior Bonds described in the preceding paragraph bear interest at fixed rates except the Series 2016B Bonds, which bear interest at variable rates, set weekly, and are subject to tender at the

election of the holders thereof. The District provides self-liquidity for the Series 2016B Bonds. See "CERTAIN INVESTMENT CONSIDERATIONS – Variable Rate Indebtedness" herein.

WIFIA Bonds. The District issued its Wastewater Revenue Bond, Series 2020 (Federally Taxable) (the "2020 WIFIA Bond"), its Wastewater Revenue Bond, Series 2021 (Federally Taxable) (the "2021 WIFIA Bond"), and its Wastewater Revenue Bond, Series 2024C (Federally Taxable) (the "2024 WIFIA Bond") to the United States Environmental Protection Agency (the "WIFIA Lender") in accordance with the Water Infrastructure Finance and Innovation Act of 2014, as amended, and pursuant to the terms of the WIFIA Master Agreement, dated as of September 28, 2020 (the "WIFIA Master Agreement"), and the separate WIFIA Loan Agreements with respect to each such Bond (the "WIFIA Loan Agreements"), each by and between the WIFIA Lender and the District. Proceeds of the 2020 WIFIA Bond were used to finance the District's SWIFT – Tranche 1 Project, proceeds of the 2021 WIFIA Bond were used to finance the District's SWIFT – Tranche 2 Project, and proceeds of the 2024 WIFIA Bond will be used to finance the District's SWIFT – Tranche 3 Project.

The 2020 WIFIA Bond, the 2021 WIFIA Bond, and the 2024 WIFIA Bond are secured as Senior Obligations under the Trust Agreement and are referred to herein, collectively with any other Senior Obligations issued to the WIFIA Lender under the WIFIA Master Agreement, as "WIFIA Bonds."

The 2020 WIFIA Bond is in the principal amount of up to $225,865,648, bearing interest on the amount drawn under the related WIFIA Loan Agreement at the rate of 1.42% per annum. The final maturity date of the 2020 WIFIA Bond is the earlier of (a) April 1, 2060, and (b) the principal payment date thereon immediately preceding the date that is 35 years following the Substantial Completion Date, as defined in the WIFIA Master Agreement.

The 2021 WIFIA Bond is in the principal amount of up to $476,581,587, plus interest that may be capitalized in accordance with the related WIFIA Loan Agreement and added to the principal amount of the 2021 WIFIA Bond, subject to a maximum accreted amount of $528,581,587. The 2021 WIFIA Bond bears interest at the rate of 1.95% per annum. The final maturity date of the 2021 WIFIA Bond is the earlier of (a) June 1, 2060, and (b) the principal payment date thereon immediately preceding the date that is 35 years following the Substantial Completion Date, as defined in the WIFIA Master Agreement.

The 2024 WIFIA Bond is in the principal amount of up to $268,087,870, bearing interest on the amount drawn under the related WIFIA Loan Agreement at the rate of 4.15% per annum. The final maturity date of the 2024 WIFIA Bond is the earlier of (a) January 1, 2059, and (b) the principal payment date thereon immediately preceding the date that is 35 years following the Substantial Completion Date, as defined in the WIFIA Master Agreement.

As of June [30], 2026, (i) the 2020 WIFIA Bond was fully drawn, with an outstanding principal amount of $225,529,141, (ii) the 2021 WIFIA Bond was fully drawn, with an outstanding principal amount of $521,309,733 (including accreted capitalized interest), and (iii) the 2024 WIFIA Bond has not been drawn upon, leaving an undrawn principal amount of $268,087,870.

VRA Revolving Loan Fund Indebtedness. Since 1993 the District has borrowed over $513 million from the Virginia Clean Water Revolving Loan Fund administered by the Virginia Resources Authority and issued, in evidence of its obligations to repay such loans, 25 issues of bonds that are outstanding Senior Indebtedness and recognized as such under the Trust Agreement (the "VRA Obligations" and collectively, with the Series 2016 Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the Series 2019 Bonds, the Series 2024A Bonds, the Series 2024B Bonds, the WIFIA Bonds, and other Senior Bonds or additional VRA Obligations issued from time to time under the provisions of the Trust Agreement, the "Senior

Obligations"). As of June [30], 2026, the outstanding drawn amount of the VRA Obligations was $439,894,960, with $_____ in undrawn authorized amounts.

Generally, after an initial period where no interest accrues on such VRA Obligations, interest accrues on the disbursed principal of the outstanding VRA Obligations at interest rates ranging from 1.0% to 2.85% per annum, and principal and interest are payable in installments over the terms of the VRA Obligations. The VRA Obligations have been issued for various improvements and upgrades at several of the District's treatment plants. The Senior Bonds are on parity under the Trust Agreement with the Outstanding VRA Obligations as to their lien on the Net Revenues of the District.

Outstanding Subordinate Obligations

On July 24, 2025, the District issued $223,860,000 aggregate principal amount of its Subordinate Wastewater Revenue Bonds, Series 2025A (the "Series 2025A Subordinate Bonds") to provide short-term interim financing for (i) a portion of the costs of the District's Capital Improvement Program and (ii) certain expenses incurred in connection with the issuance of the Series 2025A Subordinate Bonds by the District. The Series 2025A Subordinate Bonds mature on July 15, 2026.

Although the Commission has authorized multiple sources to repay the maturing principal of the Series 2025A Subordinate Bonds, including, but not limited to the issuance of Notes, the District currently intends to repay the Series 2025A Subordinate Bonds with proceeds of the 2024 WIFIA Bond (as defined and described herein under "– Outstanding Senior Obligations – *WIFIA Bonds*"). The 2024 WIFIA Bond is authorized to fund the same projects that the District funded with proceeds of the Series 2025A Subordinate Bonds. To date, the District has no outstanding draws on the 2024 WIFIA Bond. [describe any other anticipated source of repayment of Series 2025A Subordinate Bonds.]

[Describe existing line of credit if it will be in force on date of posting OM]

Additional Senior Obligations; Additional Subordinate Obligations

Under the Trust Agreement, the District may issue additional Senior Obligations, including additional Senior Bonds and VRA Obligations, for the District's Capital Improvement Program or to refund outstanding Senior Obligations subject to the District's demonstrating its compliance with the conditions for the incurrence thereof under the Trust Agreement or qualifying for an exception thereto. The District anticipates that it will finance a portion of its Capital Improvement Program with future issues of additional Senior Obligations.

The District may also issue additional Subordinate Obligations (on a parity with the Notes) without limitation.

Net Revenues Available for Debt Service in Fiscal Years 2021 through 2025

Net Revenues Available for Debt Service of the District for the Fiscal Years ended June 30, 2021 through 2025, are described in APPENDIX A – "HAMPTON ROADS SANITATION DISTRICT – FINANCIAL MANAGEMENT – General."

ESTABLISHMENT OF NOTE PAYMENT FUNDS

Note Payment Funds

The Series A Issuing and Paying Agency Agreement establishes with the Issuing and Paying Agent the "Hampton Roads Sanitation District Extendable Subordinate Commercial Paper Notes, Series [2026]A

Note Payment Fund" (the "Series A Note Payment Fund"). The Series B Issuing and Paying Agency Agreement establishes with the Issuing and Paying Agent the "Hampton Roads Sanitation District Extendable Subordinate Commercial Paper Notes, Series [2026]B Note Payment Fund" (the "Series B Note Payment Fund" and collectively with the Series A Note Payment Fund, the "Note Payment Funds").

The proceeds from the sale of any obligations, including Notes issued under an Issuing and Paying Agency Agreement, issued for the purpose of refunding and retiring other Outstanding Notes are to be paid to the applicable Issuing and Paying Agent for deposit to the credit of the Note Payment Fund for the Notes to be retired and used for such purpose. In addition, all amounts required to be paid to the Issuing and Paying Agent for deposit by the District are to be paid to the applicable Issuing and Paying Agent for deposit to the appropriate account within the applicable Note Payment Fund and used to pay principal of, premium, if any, and interest on the applicable Notes at the respective interest payment, maturity or redemption of such Notes as provided therein.

Pending the expenditure of money in a Note Payment Fund for authorized purposes, money deposited therein may be invested at the direction of a Designated Officer in Investment Obligations. Any income received from investments in a Note Payment Fund shall be retained in such Note Payment Fund.

"Investment Obligations" means any and all investment obligations authorized by (A) the Investment of Public Funds Act, Section 2.2-4500 et seq., Code of Virginia, 1950, as amended, (B) the Government Non-Arbitrage Investment Act, Section 2.2-4700 et seq., Code of Virginia, 1950, as amended, and (C) successor statutes to those described in (A) and (B) above, as the same shall be from time to time amended.

Tax Covenants for Series A Notes

The District covenants in the Issuing and Paying Agency Agreement for the Series A Notes that it will not take, or cause or permit to be taken, any action that would cause a Series A Note to be an "arbitrage bond" as defined in Section 148 of the Code (or any successor section of the Code or subsequent federal income tax statute or code that replaces or restates Section 148 as in effect on the date of delivery of the Series A Notes). To that end the District agrees to comply with the requirements of Section 148 of the Code, and the applicable regulations of the United States Department of Treasury adopted thereunder, as in effect on the date of delivery of the Series A Notes, throughout the term of the Series A Notes.

CERTAIN INVESTMENT CONSIDERATIONS

The following is a discussion of certain risk factors that should be considered by potential investors in evaluating an investment in the Notes. Such discussion is not, and is not intended to be, exhaustive and should be read in conjunction with all other parts of this Offering Memorandum.

Variable Rate Indebtedness

In addition to the Notes described herein, the District has previously issued and has outstanding, and may issue additional, variable rate indebtedness (including the Series 2016B Bonds, which bear interest at a variable rate and for which the beneficial owners thereof have the right to tender such variable rate Series 2016B Bonds to the District on seven days' notice), the interest rates on which are adjusted periodically in accordance with the terms of the securities based on current market conditions. Interest rates on variable rate indebtedness and on the Notes vary on a periodic basis. Increases in short-term interest rates directly affect the rates paid by the District on its variable rate indebtedness.

Subordinate Indebtedness

The Notes are Subordinate Obligations under the Trust Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – General; Subordination to Senior Obligations" and " – Outstanding Senior Obligations" herein.

Liquidity

Although the District has reserved the right in the Issuing and Paying Agency Agreements to enter into agreements with third parties to provide credit or liquidity support for the benefit of Noteholders, the District is not required (and has not at this time elected) to establish or maintain any external source of liquidity or credit support for the Notes**.** The District has not covenanted, for the benefit of Noteholders or otherwise, to maintain liquidity at any particular level.

Investors should appreciate that the District's ability to pay on their due date the principal of the Notes is largely dependent on the District's "market access" – its being able to sell timely Senior Bonds, Subordinate Bonds, new Notes or other Subordinate Obligations in amounts at least sufficient to provide for such timely payment. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Authorized Sources of Repayment for the Notes" herein.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), have assigned ratings to the Notes of "__" and "__," respectively. Such ratings reflect only the view of such organizations, and a fuller explanation of the significance of such ratings may be obtained from the rating agencies. A rating is not a recommendation to buy, sell or hold the Notes. The District furnished Moody's and S&P with certain information regarding its policies, practices and finances, including information that is not included in this Offering Memorandum.

There is no assurance that such policies, practices and finances or such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by Moody's or S&P. Any such downward revision or withdrawal could have an adverse effect on the market price of the Notes.

TAX MATTERS FOR SERIES A NOTES

Opinion of Bond Counsel

The District will covenant in a tax certificate to comply with certain provisions of the Internal Revenue Code of 1986 (the "Code") relating to the exclusion from gross income of the interest on the Series A Notes for federal income tax purposes. In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under current law, and assuming continuing compliance by the District with such covenants and subject to the provisions of this section, interest on the Series A Notes will not be includable in gross income of the owners of the Series 2025A Bonds for federal income tax purposes. Interest on the Series A Notes will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series A Notes in the event of a failure by the District to comply with applicable requirements of the Code and its covenants regarding use, expenditure, and investment of the proceeds of the Series A Notes and timely payment of certain investment earnings to the United States Treasury. No opinion is rendered by Bond Counsel as to the effect on the exclusion from gross income of the interest on the Series A Notes for federal income tax purposes of any action taken or not taken without the approval of Bond Counsel or upon the advice or approval of counsel other than Bond Counsel.

Interest on the Series A Notes will not be an item of tax preference for purposes of the federal alternative minimum tax under the Code on individuals. Bond Counsel expresses no opinion regarding the applicability of the federal corporate alternative minimum tax to the adjusted financial statement income of corporate owners of the Series A Notes.

Tax Accounting of Bond Premium on Series A Notes

IRS Notice 94-84, 1994-2 C.B. 559, issued in 1994, stated that the Internal Revenue Service (the "IRS") was studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Series A Notes) that mature not more than one year from its date of issuance, bears a fixed rate of interest and is described in section 103(a) of the Code, is (i) "qualified stated interest" that is excluded from the "stated redemption price at maturity" of the obligation (within the meaning of section 1273(a)(2) of the Code) but is excluded from gross income pursuant to section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to section 103(a) of the Code. Notice 94-84 stated that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 did not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Series A Note other than in the original public offering or at a price other than the original offering price). Persons considering acquiring the Series A Notes should consult with their own tax advisors with respect to the tax consequences of the ownership of, and the election between the choices of treatment of the stated interest payable at maturity on, the Series A Notes.

To the extent that a purchaser of a Series A Note acquires that Series A Note at a price in excess of its stated redemption price at maturity, such excess will constitute "bond premium" under the Code. Section 171 of the Code and the Treasury Regulations thereunder provide generally that bond premium on a tax-exempt obligation must be amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations). The amount of bond premium so amortized will reduce the owner's basis in such obligation for federal income tax purposes, but such amortized premium will not be deductible for federal income tax purposes. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. The amount of premium that is amortizable each year by a purchaser is generally determined by using such purchaser's yield to maturity (or a shorter period in the case of certain callable obligations). The rate and timing of the amortization of bond premium and the corresponding basis reduction may result in an owner realizing a taxable gain when its Series A Note is sold or disposed of for an amount equal to, or in some circumstances even less than, the original cost of the Series A Note to the owner.

Persons considering the purchase of Series A Notes with initial bond premium should consult with their own tax advisors with respect to the determination of amortizable bond premium on such Series A Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Series A Notes Bonds.

Backup Withholding

Interest paid on the Series A Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not by itself, affect the excludability of interest on the Series A Notes from gross income for federal income tax purposes, the reporting requirement

causes the payment of interest on the Series A Notes to be subject to backup withholding if such interest is paid to beneficial owners who (i) are not "exempt recipients," and (ii) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld from a payment to a beneficial owner under the backup withholding rules would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Other Tax Consequences

The Code contains other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel expresses no opinion, as a result of ownership of the Series A Notes or the inclusion in certain computations of interest on the Series A Notes that is excluded from gross income for purposes of federal income taxation.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial asset securitization investment trust (FASIT), corporations subject to the alternative minimum tax on adjusted financial statement earnings, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit.

PROSPECTIVE PURCHASERS OF THE SERIES A NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE APPLICABILITY AND IMPACT OF ANY SUCH COLLATERAL TAX CONSEQUENCES.

Future Tax Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series A Notes to be subject, directly or indirectly, to federal income taxation or to state or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Series A Notes. Prospective purchasers of the Series A Notes should consult their tax advisors regarding any future, pending or proposed federal or state tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

Virginia Taxes

The Enabling Act provides that the Series A Notes, their transfer and the income therefrom, including any profit made on the sale thereof, shall be free and exempt from taxation by the Commonwealth of Virginia and by any political subdivision thereof.

Initial Issuance of Series A Notes

The initial Series A Notes are expected to be delivered in [June] 2026. Assuming no changes in current law and satisfaction of certain terms and conditions provided in the Note Resolution, as described above, Bond Counsel will deliver the opinion substantially in the form set forth in APPENDIX C hereto on the date of delivery of the initial Series A Notes.

TAX MATTERS FOR SERIES B NOTES

Certain Federal Income Tax Considerations

The following is a general summary of certain United States federal income tax consequences of the purchase and ownership of the Series B Notes. The discussion is based upon the Code, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretations. No assurance can be given that future changes in the law will not alter the conclusions reached herein.

The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Series B Note by a beneficial owner thereof. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Series B Notes in light of the investor's particular circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax-exempt organizations, financial institutions, broker-dealers, and persons who have hedged the risk of owning any Series B Notes). Except as expressly set forth below, the discussion below does not discuss any aspect of state, local or foreign law or United States federal tax laws other than United States federal income tax law. This summary is limited to certain issues relating to initial investors that will hold the Series B Notes as "capital assets" within the meaning of section 1221 of the Code, and acquire such Series B Notes for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to initial investors of the Series B Notes who are United States persons within the meaning of section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any United States federal income tax consequences, including those discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SERIES B NOTES.

Stated Interest and Reporting of Interest Payments

The stated interest on the Series B Notes (if any) will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof for federal income tax purposes as ordinary income at the time it is paid or accrued, depending on the tax accounting method applicable to such beneficial owners. Subject to certain exceptions, the stated interest on the Series B Notes will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address and taxpayer identification number ("TIN") of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Series B Note.

Acquisition Discount

Special rules apply to notes, such as the Series B Notes, that constitute "short-term Government obligations" within the meaning of Section 1271(a)(3)(B) of the Code. Beneficial owners that report income for federal income tax purposes on an accrual method and some other beneficial owners, including banks and certain dealers in securities, are required to include acquisition discount on the Series B Notes in income on a straight-line basis, unless an election is made to accrue the acquisition discount according to a constant yield method based on daily compounding. The amount of "acquisition discount" on a Series B Note is the

excess of the stated redemption price at maturity of the Series B Note over the beneficial owner's basis in the Series B Note. The "stated redemption price at maturity" of a Series B Note equals the sum of its principal amount plus all other payments scheduled to be made thereunder, other than payments of stated interest (if any). Any other beneficial owner of a Series B Note is not required to accrue acquisition discount for federal income tax purposes, unless it elects to do so. In the case of a beneficial owner that is not required, and does not elect, to include acquisition discount in income currently, the acquisition discount will be recognized as ordinary income upon the maturity of a Series B Note and any gain realized on the disposition of a Series B Note is ordinary income to the extent of the acquisition discount accrued on a straight-line basis, or, if elected, according to a constant yield method based on daily compounding, through the date of disposition. In addition, beneficial owners that are not required, and do not elect, to include acquisition discount in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Series B Note in an amount not exceeding the accrued acquisition discount with respect to the Series B Note until the accrued acquisition discount is realized. A beneficial owner's tax basis in a Series B Note is increased by the amount included in the beneficial owner's income with respect to the Series B Note. Beneficial owners are urged to consult their own tax advisors regarding the acquisition discount rules and their potential application to the Series B Notes.

Defeasance

Defeasance of any Series B Note may result in a reissuance thereof for federal income tax purposes, in which event a beneficial owner will recognize taxable gain or loss equal to the difference between the amount realized from the sale, exchange or retirement and the beneficial owner's adjusted tax basis in the Series B Note.

Backup Withholding

Under section 3406 of the Code, a beneficial owner of the Series B Notes who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" on current or accrued interest (including acquisition discount) on the Series B Notes or with respect to proceeds received from a disposition of the Series B Notes. This withholding applies if such beneficial owner of Series B Notes (i) fails to furnish to the payor such beneficial owner's social security number or other TIN, (ii) furnishes the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Series B Notes. Beneficial owners of the Series B Notes should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the current rate of 30% (subject to change) on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income (including acquisition discount) of such a beneficial owner of the Series B Notes is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest (including acquisition discount) will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and

providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country that the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Series B Notes is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code, and (vi) such beneficial owner is not a bank receiving interest on the Series B Notes pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Series B Notes are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Series B Notes and sales proceeds of Series B Notes held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including acquisition discount) and will apply to "foreign passthru payments" but no earlier than two years after the date of publication of final regulations defining the term "foreign passthru payment." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U. S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning and disposing of the Series B Notes, including the applicability and effect of any state, local or foreign tax laws, and of any proposed changes in applicable laws.

Virginia Taxes

The provides that the Series B Notes, their transfer and the income therefrom, including any profit made on the sale thereof, shall be free and exempt from taxation by the Commonwealth of Virginia and by any political subdivision thereof.

Initial Issuance of Series B Notes

The initial Series B Notes are expected to be delivered in [June] 2026. Assuming no changes in current law and satisfaction of certain terms and conditions provided in the Note Resolution, as described above, Bond Counsel will deliver the opinion substantially in the form set forth in APPENDIX D hereto on

the date of delivery of the initial Series B Notes.

EXEMPTION FROM ONGOING DISCLOSURE

The Notes are exempt from the continuing disclosure requirements of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), and accordingly, the District has not entered into an agreement to provide continuing disclosure for the benefit of the holders and beneficial owners of the Notes. However, in connection with the issuance by the District of certain of its outstanding Senior Bonds, the District has entered into disclosure undertakings pursuant to which it agreed to provide to the Municipal Securities Rulemaking Board (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system, certain annual financial information and operating data relating to the District and, in a timely manner, notice of the occurrence of certain events specified in the disclosure undertakings. Holders of the Notes may obtain the information provided by the District pursuant to the disclosure undertakings from the MSRB, through the EMMA system, for so long as the applicable Senior Bonds are outstanding.

LEGAL MATTERS

On the date of initial issuance of the Notes, Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel, will deliver an approving opinion with respect to the Series A Notes in substantially the form attached hereto as APPENDIX C, and an approving opinion with respect to the Series B Notes in substantially the form attached hereto as APPENDIX D. Certain legal matters will be passed upon for the District by its General Counsel, Sands Anderson PC, Richmond, Virginia.

LITIGATION

There is no litigation pending in any court (either state or federal) or, to the knowledge of the District, threatened against the District that in any way questions or affects the validity of or the security for the Notes or that would have a material adverse effect on the District's condition, financial or otherwise.

ADDITIONAL INFORMATION

References herein to certain documents and reports are brief summaries thereof and do not purport to be complete or definitive and reference is hereby made to such documents and reports for a full and complete statement of the contents thereof. Copies of the Trust Agreement, the Dealer Agreements, the Issuance Requests and the Issuing and Paying Agency Agreements are available upon request from the Dealer. The information in this Offering Memorandum is subject to change without notice after the date hereof, and future use of this Offering Memorandum shall not create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

APPENDIX A

HAMPTON ROADS SANITATION DISTRICT

APPENDIX B

Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2025, including as a part thereof, the Basic Financial Statements and Related Auditor's Report for the Fiscal Year ended June 30, 2025, as rendered by Cherry Bekaert LLP

APPENDIX C

FORM OF BOND COUNSEL OPINION FOR SERIES A NOTES

APPENDIX D

FORM OF BOND COUNSEL OPINION FOR SERIES B NOTES

APPENDIX E

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company (DTC), the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provision of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except if use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

HAMPTON ROADS SANITATION DISTRICT

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HAMPTON ROADS SANITATION DISTRICT

Authorization and Purpose

Creation of the District was approved in a 1940 public referendum authorized by the Virginia General Assembly. A political subdivision of the Commonwealth of Virginia (the "Commonwealth"), the District was established as a governmental instrumentality to provide for the public health and welfare. Chapter 66, Acts of the Assembly of 1960, validated and confirmed prior legislation creating the District and repealed earlier acts of the Virginia General Assembly enacted with respect to the District.

The District was created for the specific purpose of abating pollution in the Hampton Roads area of Virginia through the interception of existing wastewater outfalls, the construction of wastewater treatment facilities and the installation of interceptors throughout the service area. The District does not provide water, solid waste disposal or storm water mitigation. The cities, counties and military establishments the District serves provide those services. With the exception of the Counties of Accomack, King William, King and Queen, Middlesex, Mathews, Northampton, and Surry, excluding the Town of Claremont, the collection system, consisting of lateral sewers and sub trunk facilities that carry wastewater from industries, homes, apartments and businesses to the District's interceptor system, are the responsibility of the various cities, counties and military establishments within the District.

The District is a separate legal entity from the various cities, towns, counties and military establishments within the District. See " – The Commission" below.

History

The District traces its origins to 1925, when the Virginia Department of Health condemned a large oyster producing area in Hampton Roads. The closure resulted in the Virginia General Assembly creating in 1927 a "Commission to Investigate and Survey the Seafood Industry of Virginia." Subsequent studies recommended a public body to construct and operate a sewage system in the area.

In 1934, the Virginia General Assembly created the Hampton Roads Sanitation Disposal Commission with instructions to plan the elimination of pollution in Hampton Roads. Recommendations were made to the General Assembly which resulted in the Sanitary Districts Law of 1938, along with "An Act to provide for and create the Hampton Roads Sanitation District." In a referendum held on November 5, 1940, a majority of the voters approved the creation of the District.

The District's first construction project, the Warwick County Trunk Sewer, began on June 26, 1946. The District commenced operations on July 1, 1946, using facilities acquired from the United States Government. The District's first treatment plant, the Army Base Plant, commenced operations on October 14, 1947. Since that time, the facilities of the District have been expanded to provide wastewater treatment service to all major population centers within its boundaries.

The Commission

The District operates under the direction of its governing body, the Hampton Roads Sanitation District Commission (the "Commission"), comprised of eight members appointed by the Governor for staggered terms of four years. Members of the Commission may be reappointed without limitation and may be suspended or removed by the Governor at his pleasure. The Commission annually elects one of its members as Chair and another as Vice Chair. Under the Enabling Act, the eight members of the Commission must be residents of the cities and counties of the District as follows: one member from the City of Norfolk; one from the City of Virginia Beach; one from the City of Newport News, the City of

Williamsburg or James City County; one from the City of Hampton or the City of Poquoson or York County; one from the City of Chesapeake; one from the City of Suffolk, Isle of Wight County or Surry County; one from Accomack County, Northampton County, Gloucester County, King William County, Mathews County, Middlesex County, or King and Queen County; and one from the City of Portsmouth.

The Commission is empowered, among other things, to (1) construct and improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater system or systems, either within or without or partly within and partly without the corporate limits of the District, and to construct wastewater improvements within the corporate limits of the District, (2) issue the District's bonds, payable solely from revenues, to pay all or part of the cost of a wastewater system, (3) fix, revise, charge and collect rates, fees and charges for the use of and for the services of any system operated by the District, (4) enter into contracts with the United States of America or any agency or instrumentality thereof, or with any county, city, town or political subdivision or any sanitary district, private corporation, partnership, association or individual, relating to the furnishing of services of the District, and (5) acquire real or personal property necessary in connection with wastewater systems or wastewater improvements.

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The current members of the Commission and their biographies are set forth below.

Commissioners	**Residence**	**Occupation**	**Term Expires June 7,**
Stephen C. Rodriguez, *Chair*	Chesapeake	Inspector, VDOT Cost Estimation Office	2028
Willie Levenston, Jr., *Vice Chair*	Portsmouth	Retired Supervisor Electronics Engineer, Norfolk Naval Shipyard	2027
[Elizabeth A. Andrews	Williamsburg	Attorney, Distinguished Law and Policy Fellow, University of Virginia Weldon Cooper Center	2026]
Michael E. Glenn	Norfolk	President, Luna Development Services, LLC	2027
[Vishnu K. Lakdawala, Ph.D.	Virginia Beach	Associate Professor, Electrical and Computer Engineering, Old Dominion University	2026]
Nancy J. Stern	Belle Haven	Retired Chief Executive Officer, Eastern Shore Rural Health System	2029
Elizabeth A. Taraski, Ph.D.	Suffolk	Co-Chair, Restoration Advisory Board, Former Nansemond Ordnance Depot Retired President and CEO, Nansemond River Preservation Alliance	2029
Ann W. Templeman	Hampton	Senior Business Support Analyst, Virginia Natural Gas	2028

Stephen C. Rodriguez, *Chair*. Mr. Rodriguez, a member of the Commission since October 5, 2012, is the retired owner and president of Cruco Inc., which provided construction services in Hampton Roads. He currently works in the Cost Estimation Office for the Virginia Department of Transportation (VDOT). Mr. Rodriguez previously served as chair of the Foundation for Virginia Natural Resources, chair of the OBX Hospital Board, and past president of the Deep Creek Ruritan Club. He has also served on the Chesapeake School Board, the Chesapeake Hospital Authority, the Chesapeake Economic Development Authority, and the board of directors of Opportunity, Inc. He is an alumnus of Old Dominion University and holds a bachelor's degree in civil engineering technology and a certificate in civic leadership. Mr. Rodriguez resides in the City of Chesapeake.

Willie Levenston, Jr., *Vice Chair*. Mr. Levenston, a member of the Commission since September 9, 2014, earned his Bachelor of Science in Engineering from Southern University in Baton Rouge, Louisiana, and holds multiple accreditations in Management Skills Development, Data Transmission and Communications Systems. He retired from the Norfolk Naval Shipyard in 2008 after more than 40 years of service. In his capacity as Supervisor Electronics Engineer, Mr. Levenston was responsible for Surface Ship Exterior Radio Communications, Secure/Communication Information Processing, Naval Tactical Data Systems, Search Radar, Electronics Countermeasure/Navigational Aids, and the Submarine Communication sections. Mr. Levenston resides in the City of Portsmouth.

Elizabeth A. Andrews, *Commissioner*. Ms. Andrews has been a member of the Commission since September 19, 2025, having formerly served as Senior Assistant Attorney General and Chief of the Environmental Section of the Virginia Office of the Attorney General, where she oversaw a team of attorneys representing and providing counsel to the Secretary of Natural Resources and the natural resources agencies of the Commonwealth. Ms. Andrews is a Distinguished Law & Policy Fellow at the University of Virginia Weldon Cooper Center and is also the former Director of William and Mary's Virginia Coastal Policy Center. She also served as the Water Policy Manager for the Virginia Department of Environmental Quality, where she worked closely with the legislature, the regulated community, and environmental organizations to address the water quality and quantity challenges facing Virginia's coastal areas in particular. Ms. Andrews is a graduate of the College of William and Mary and received her Juris Doctor degree, summa cum laude, from the Washington College of Law at American University. Ms. Andrews resides in Williamsburg.

Michael E. Glenn, *Commissioner*. Mr. Glenn, a member of the Commission since May 13, 2008, is president of Luna Development Services, LLC. The firm, which offers full-service general contracting and real estate development services, is a Certified Virginia Minority Business Enterprise. Before founding his firm in 2004, Mr. Glenn was Director of Operations, Real Estate Services and Contracts for Troutman Sanders, LLP. He also has served as a development executive for Armada Hoffler Development and as a Wachovia Bank vice president. Mr. Glenn received a bachelor's degree in psychology, with a minor in biology, from Old Dominion University. Mr. Glenn resides in the City of Norfolk.

Vishnu K. Lakdawala, Ph.D., *Commissioner*. Dr. Lakdawala, a member of the Commission since June 8, 2002, obtained his undergraduate degree in electrical engineering from Bangalore University in India in 1972 and his Master of Engineering in High Voltage Engineering from Indian Institute of Science in 1974. He worked as Research and Development Engineer in Jyoti Limited for three years in the high voltage instrument transformers division. He received his Ph.D. in electrical engineering from the University of Liverpool in 1980. After serving as senior research associate in the Department of Electrical Engineering and Electronics in the University of Liverpool for a year, he joined Oak Ridge National Laboratory, Oak Ridge, Tennessee, where he conducted research for a year. He joined the faculty of Old Dominion University in 1983 as Assistant Professor in the Department of Electrical and Computer Engineering. He is currently the Chief Departmental Advisor and Associate Professor of Electrical and Computer Engineering. Dr. Lakdawala has served as the president and chairman of the Board of Trustees of the Hindu Temple of Hampton Roads. Dr. Lakdawala received the National Association of Clean Water Agencies ("NACWA") 2019 National Environmental Achievement Award for Local Public Service, honoring his transformative leadership, technical understanding, focus on community engagement, and deep commitment to the environment as an HRSD Commissioner. Dr. Lakdawala resides in the City of Virginia Beach.

Nancy J. Stern, *Commissioner*. Ms. Stern, a member of the Commission since August 6, 2021, served the Eastern Shore Rural Health System, Inc. for over 30 years in various positions, recently retiring as Chief Executive Officer. Her prior roles there include Chief Operating Officer, Director of Human Resources and Director of Health Education. She served on Governor Bob McDonnell's Task Force and

ConnectVA Governing Board, and on Governor Tim Kaine's Health Reform Commission. Ms. Stern also served on the board of the Virginia Primary Care/Virginia Community Healthcare Association for 18 years with three of those years as Board President. She earned a Bachelor of Science from West Chester University and earned Certification in Health Care Management/Administration from Old Dominion University. Ms. Stern resides in Belle Haven, Virginia.

Elizabeth A. Taraski, Ph.D., *Commissioner*. Dr. Taraski, a member of the Commission since June 8, 2017, recently retired after serving 13 years as President and CEO of the Nansemond River Preservation Alliance in Suffolk, Virginia. Dr. Taraski currently serves as Co-Chair, Restoration Advisory Board, Former Nansemond Ordnance Depot, Suffolk. She is an active member of the Suffolk Rotary and served as past president. Dr. Taraski previously served in senior management positions at Christopher Newport University, Old Dominion University and the University of Richmond. Before moving to Virginia in 1988, Dr. Taraski was Director of the Administration and Industrial Relations at the Multi-lifecycle Engineering Research Center, New Jersey Institute of Technology. Dr. Taraski holds a Ph.D. from Seton Hall University; a Master of Science degree from New York University and a Master of Education degree from Rutgers University and completed her doctoral internship at the Alfred P. Sloan Foundation, NYC. Dr. Taraski resides in the City of Suffolk.

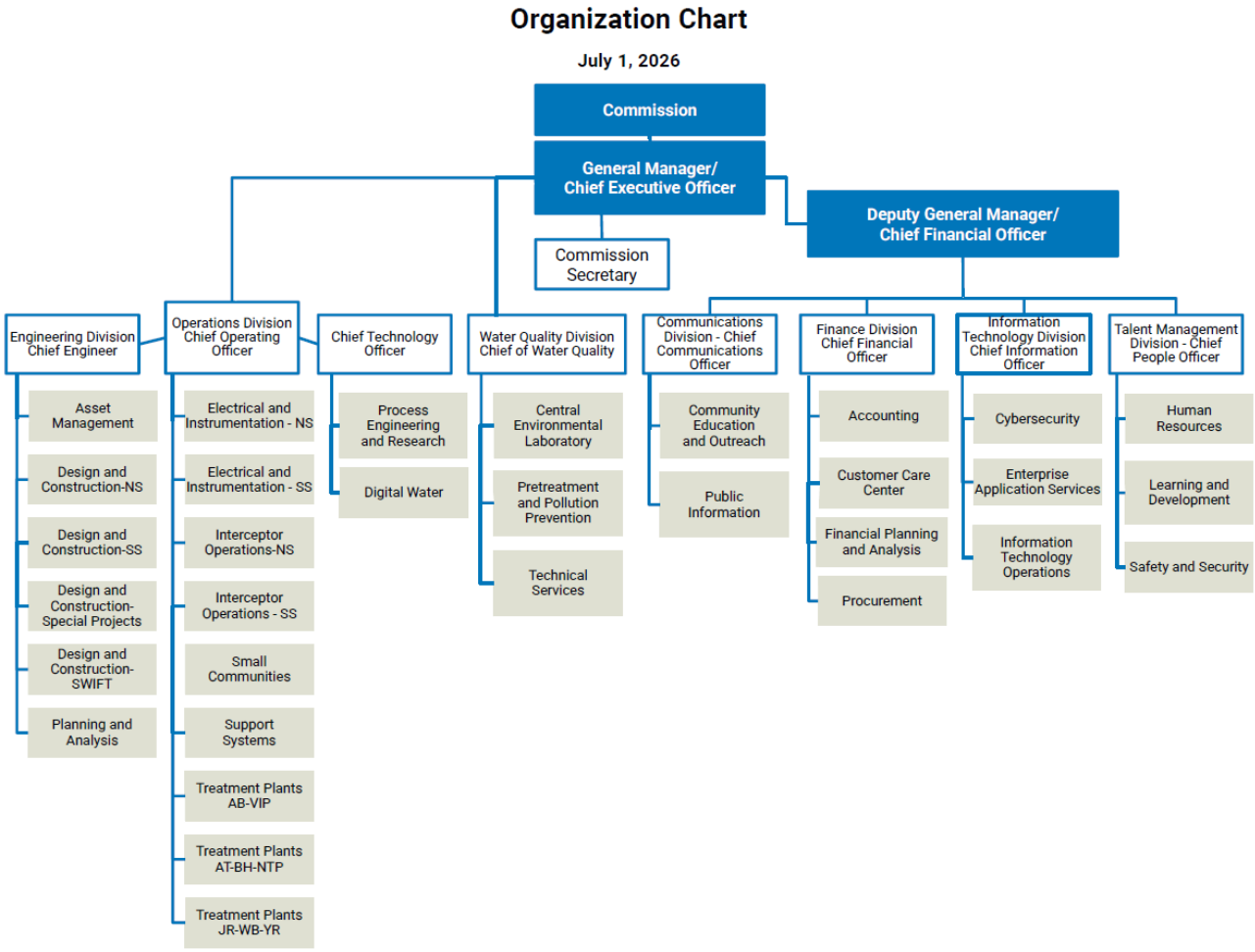
Ann W. Templeman, *Commissioner*. Ms. Templeman, a member of the Commission since December 3, 2021, is a Senior Business Support Analyst for Virginia Natural Gas with more than 30 years of experience in a variety of areas critical to effective utility management. She earned a Masters of Business Administration from Old Dominion University and a Bachelor of Science in Business Management from Virginia Tech. Ms. Templeman previously served on the Commission from January 27, 2017, until May 1, 2019. Ms. Templeman resides in the City of Hampton.

Management and Staff

The District is managed through seven divisions, which are organized into functional departments with their principal responsibilities summarized after the District's organizational chart set out on the following page.

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HRSD Organizational Chart



Communication

- Community Relations: Develops and provides community outreach and engagement around HRSD construction, infrastructure development and new initiatives.
- Community Education: Develops and provides educational materials, presentations, facility tours and outreach related to HRSD's services, mission and vision.

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Engineering

- Design & Construction: Delivers capital projects in a manner consistent with HRSD's quality standards.
- Planning & Analysis: Manages numerous diverse functions including Hydraulic Modeling, Geographic Information System (GIS), Data Analysis and Records Management System and plans the capital infrastructure required to meet the region's future wastewater needs.
- Asset Management: Responsible for the Computerized Maintenance Management System (CMMS), Condition Assessment, and Emergency Management procedures to extend the life of assets at the lowest life cycle cost.

Finance

- Accounting: Handles fiscal affairs such as preparing financial statements, budgets, management reports and payroll.
- Procurement: Responsible for purchasing, renting, leasing or otherwise acquiring goods, professional and non-professional services, and certain construction services, managing supplier relationships and disposing of surplus property.
- Customer Care Center: Handles billing, payments, collections, maintenance of customer accounts and liaison with HRSD's customers.
- Financial Planning and Analysis: Responsible for planning and financing the Capital Improvement Program (CIP), debt management and grants compliance and is the functional lead for the Enterprise Resource Process system.

Information Technology

- Enterprise Data Services: Responsible for application integration and support, data management and systems analysis and support.
- Cybersecurity: Responsible for ensuring the confidentiality, integrity and availability of all HRSD infrastructure, information systems and business data from malicious threats.
- Information Technology Operations: Supports departments in achieving their goals and objectives, providing the requisite hardware, software, storage and network connectivity to meet business and operational requirements.

Operations

- Electrical and Energy Management: Researches innovative, cost-effective ways of managing HRSD's energy consumption more effectively.
- Interceptor Operations North Shore: Operates and maintains miles of interceptor pipelines and pump stations ensuring wastewater is conveyed to each treatment plant in the Cities of Hampton, Newport News, Poquoson and Williamsburg, the Counties of Gloucester, James City and York.
- Interceptor Operations South Shore: Operates and maintains miles of interceptor pipelines and pump stations ensuring wastewater is conveyed to each treatment plant in the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach and the County of Isle of Wight.
- Small Communities: Operates and maintains the treatment plants and associated sewer collection systems in the Counties of the Middle Peninsula and the Town of West Point, the County of Surry, and Towns of Nassawadox and Onancock on the Eastern Shore.
- Support Systems: Responsible for the maintenance of the HRSD fleet, all buildings, operation of two carpentry shops, a full-service machine shop and managing an infrastructure assessment team.
- Treatment: Operates and maintains the Army Base, Atlantic, Virginia Initiative, Boat Harbor, James River, Nansemond, Williamsburg and York River treatment plants.
- Technology: Researches new technologies with a focus on rapid deployment of innovative solutions and water quality.

Talent Management

- Human Resources (HR): Responsible for recruitment and outreach, new employee onboarding, benefits administration, compensation and classification, employee relations, HRSD's wellness program, workers' compensation, employee records, retirement, and HR policies.
- Organizational Development and Training: Oversees HRSD's Apprenticeship Program and is dedicated to developing and supporting HRSD's strategic plan and key initiatives to promote training, and education.
- Safety and Security: Responsible for Occupational Safety & Health Compliance, safety programs, employee safety training, safety records, industrial hygiene monitoring, occupational health screening, safety audits, accident investigations, compliance reporting, and risk management support.

Water Quality

- Central Environmental Laboratory: Uses the Environmental Data Management System (EDMS) and other tools to provide analytical support for numerous monitoring, research and regulatory purposes.
- Pretreatment & Pollution Prevention: Monitors wastewater conveyed to treatment plants using the Pretreatment Information Management System (PIMS) and other tools, and implements its Industrial Wastewater Discharge Regulations to protect treatment plant staff, facilities and processes, in addition to ensuring protection of water quality and the beneficial reuse of recovered resources.
- Technical Services: Responsible for activities including environmental monitoring, specialized sampling, treatment process and research studies, the Municipal Assistance Program (MAP) to assist localities, state and federal regulatory advocacy, as well as all reporting required by HRSD permits.

The District's administration is overseen by a General Manager/Chief Executive Officer, supported by eight chiefs and their staffs. For Fiscal Year 2026, the District has budgeted for 969 full-time employees. Current staffing is sufficient to operate all existing facilities. None of its employees is currently represented by a union.

The following individuals are responsible for the daily management and affairs of the District (with titles changed, where appropriate, to conform to the District's current organizational chart).

Jay A. Bernas, P.E., MBA, *General Manager and Chief Executive Officer*

Jay Bernas was promoted to General Manager and Chief Executive Officer in February 2022. Before his promotion, Mr. Bernas served as Chief Financial Officer for six years, Director of Planning and Analysis for 10 years, and was responsible for planning HRSD's Capital Improvement Program, performing business case analyses, hydraulic modeling analyses to support regional growth and managing four technical sections: Geographic Information Systems, Data Analysis, Hydraulic Modeling and Capital Planning. Prior to joining HRSD, he was a project manager with the City of Virginia Beach. Mr. Bernas graduated from Old Dominion University in 1995 with a bachelor's degree in Civil Engineering and earned his MBA from the College of William and Mary in 2013. He also has completed the Kenan-Flagler Water and Wastewater Leadership Program and was part of the 2008 class for LEAD Hampton Roads. He received the George Robert House, Jr. Award for the young public administrator of the year from the American Society for the Public Administration in 2006 and was recognized by Inside Business as a "Top Forty under 40" in 2011. In 2020, he was a finalist for Virginia CFO of the Year for a Large Non-profit/Government. Appointed by the Virginia Beach City Council to serve on the Planning Commission from 2006-2013, Mr. Bernas was its chair for the last two years of his tenure. He was elected to the Board of Trustees for the $3.0 billion Virginia Investment Pool in 2018 and serves on the audit subcommittee. He was elected in 2020 to the Board of Directors of the National Association of Clean Water Agencies (NACWA), a national leader in clean water advocacy, and serves on NACWA's audit and financial planning committees. In 2025, he was elected to the Board of Directors of the Water Research Foundation, a leading organization that advances water research to improve water quality, sustainability, and public health.

Steven G. de Mik, CPA, MBA, *Deputy General Manager and Chief Financial Officer*

Steve de Mik, who joined HRSD in 2008, was promoted to Deputy General Manager and Chief Financial Officer in July 2022. Mr. de Mik provides broad oversight and strategic direction to various divisions, specifically Finance, Information Technology, Talent Management and Communications. He previously served as Chief Operating Officer from 2015 to 2022. In that role, he led a staff of over 500 responsible for the complex operation and maintenance of HRSD's treatment plants, interceptor systems, and electrical and instrumentation infrastructure as well as various support services. His initial role at HRSD was Chief Financial Officer, where he was responsible for HRSD's general financial and business functions, including financial reporting, investment portfolio, debt and risk management, and customer billing. Before joining HRSD, Mr. de Mik served for seven years as the Director of Finance and Business Services for the City of Norfolk. A certified public accountant, he holds an MBA from the College of William and Mary and has completed the Kenan-Flagler Water and Wastewater Leadership Program, the Virginia Natural Resources Leadership Program and CIVIC Leadership Institute. He received a bachelor's degree in accounting and business administration from Southwest Baptist University in Bolivar, Missouri. Mr. de Mik also serves as a treasurer for Heart for Orphans, a nonprofit organization based in the City of Williamsburg, Virginia.

Eddie M. Abisaab, PE, PMP, ENV SP, *Chief Operating Officer*

Eddie Abisaab joined HRSD in 2008 and serves as Chief Operating Officer, leading a staff of more than 580 employees responsible for the engineering, operation, and maintenance of HRSD's 18 treatment plants, interceptor collection systems, water technology and research, and electrical and instrumentation infrastructure, as well as key support services including fleet management, construction support, carpentry, and machine shop operations. Mr. Abisaab also provides strategic direction to the Engineering Division. Previously, he served as Director of Operations, and Chief of Design and Construction for the North Shore, where he was responsible for execution of HRSD's Capital Improvement and Operational Infrastructure projects, and he has prior experience as an engineer and project manager in both the public and private

sectors. Mr. Abisaab holds a Bachelor of Science in Civil Engineering from West Virginia University and a Master of Science in Engineering Management from Marshall University and is a licensed Professional Engineer (PE) and Project Management Professional (PMP). He is actively involved with the Water Environment Federation and has served on the Board of Directors of the Virginia Water Environment Association, including as President from 2016–2017, and currently serves as Treasurer.

Charles B. Bott, Ph.D., P.E., *Chief Technology Officer*

Dr. Charles B. Bott joined HRSD in 2009 and is the Chief Technology Officer. He manages technology innovation and research and development for HRSD's wastewater treatment plants and interceptor system. Dr. Bott is also an Adjunct Professor in the Departments of Civil and Environmental Engineering at Virginia Polytechnic Institute and State University (Virginia Tech) and Old Dominion University. He was formerly an Associate Professor in the Department of Civil and Environmental Engineering at the Virginia Military Institute and a consulting engineer with Parsons Engineering Science. Dr. Bott has a bachelor's degree in Civil Engineering from the Virginia Military Institute, a master's degree in Environmental Engineering from the Johns Hopkins University, and a Ph.D. in Civil and Environmental Engineering from Virginia Tech. He is a fellow of the Water Environment Federation (WEF), a member of the Science and Technology Advisory Committee to the Chesapeake Bay Program Executive Council, a former member of the Virginia Board of Health, and a former member of the National Science Foundation Engineering Directorate Advisory Committee. Dr. Bott is a licensed professional engineer in Virginia, a board-certified Environmental Engineer, and a licensed Wastewater Treatment Plant Operator – Virginia Class I. He is a three-time winner of the WEF Harrison Prescott Eddy Medal for outstanding contribution to wastewater principles/processes research, and was a previous member of the WEF Board of Trustees. Dr. Bott's technical interests include municipal and industrial wastewater treatment, process engineering as well as renewable energy generation and resource efficiency. He has specific expertise in the areas of potable and non-potable water reuse, advanced water treatment technologies, chemical and biological phosphorus removal, nitrification/denitrification, nutrient recovery, deammonification/anammox, biological treatment process modeling and design, and biogas conditioning. Important areas of focus are mainstream shortcut nitrogen removal, processes for biological treatment intensification, and technologies for potable reuse.

Mary H. Corby, *Chief Information Officer*

Mary Corby became Chief Information Officer in November 2024. She joined HRSD in October 1996 as a Programmer Analyst working on enterprise financial systems for the Finance and Administration division. She has held a variety of roles over the years at HRSD, with her last position being the Director of Enterprise Application Services. Ms. Corby has over 34 years of professional experience in the technology and utility industry. Ms. Corby received a Bachelor of Science degree in Computer Information Systems from High Point University, is a member of WEF, the Water and Wastewater CIO Forum, and has completed the Kenan-Flagler Water and Wastewater Leadership Program.

Jamie Heisig-Mitchell, *Chief of Water Quality*

Jamie Heisig-Mitchell became Chief of Water Quality in November 2022, overseeing the Central Environmental Laboratory (CEL), Pretreatment and Pollution Prevention (P3), and the Technical Service Division (TSD). In her previous position as Director of TSD, she managed staff involvement in environmental and wastewater monitoring and research as well as assuming responsibility for HRSD's permit negotiations and oversight of regulatory compliance with Clean Water Act, Clean Air Act, and Safe Drinking Water Act programs. Ms. Heisig-Mitchell serves on the board of the Virginia Association of Municipal Wastewater Agencies (VAMWA) and the University of Colorado Boulder's Water Reuse Advisory Board, is Chair of VAMWA's Water Quality Committee, Co-Chair of the NACWA Water

Quality Committee, Past-President of the Virginia Biosolids Council, member of the Eastern Virginia Medical School's Institutional Biosafety Committee, and has served on numerous Virginia Department of Environmental Quality Advisory Panels and Subcommittees. Ms. Heisig-Mitchell received her Master of Science from Old Dominion University in Norfolk, Virginia.

Jeff Scarano, P.E., *Chief Engineer*

Jeff Scarano joined HRSD in 2017 and leads the Engineering Division, which includes the Asset Management, Design and Construction, Planning and Analysis, and Program Support Office departments. He previously served as HRSD's Director of Design and Construction for Special Projects from 2022 to 2025. In that role, he led staff responsible for the execution of planned Capital Improvement Projects, emergency projects, and studies related to future projects. His initial role at HRSD was in Operations as the Interceptor Engineer, where he was responsible for CIP project design and construction coordination with Engineering, in-house design, and supporting the day-to-day operations of the South Shore interceptors and pumping stations. Before joining HRSD, Jeff spent 17 years in a variety of roles as an engineering consultant, as a regulator in New Mexico, and at the City of Lynchburg, Virginia. A licensed Professional Engineer in Virginia, a Board Certified Environmental Engineer, and a Design-Build Institute of America Certified Professional, he holds a bachelor's degree in civil engineering from Duke University, a master's degree in Environmental Engineering from the University of California at Davis, and an MBA from the College of William & Mary. Jeff is a graduate of the Water Environment Federation's Water Leadership Institute, a member of the Order of the Engineer, and is actively involved with a number of professional organizations including the Virginia Water Environment Association and the Design-Build Institute of America.

Christina Gibson, *Chief People Officer*

Christina Gibson serves as HRSD's Chief People Officer, bringing over 25 years of experience in human resources, corporate learning, and organizational development to the role. She holds a bachelor's degree from James Madison University and a master's degree from George Mason University. Throughout her career, Christina has led human capital initiatives across a range of industries, including information technology, water and wastewater, aerospace, construction, and manufacturing. Most recently, she guided the talent management team at Children's Hospital of The King's Daughters (CHKD) Health System through a period of significant and rapid growth. Christina achieved the Senior Professional in Human Resources (SPHR) certification from the Human Resource Certification Institute (HRCI) and the Senior Certified Professional (SHRM-SCP) credential from the Society for Human Resource Management. She is also certified in Human Performance Improvement by the Association for Talent Development (ATD) and is a Six Sigma Green Belt. Christina remains actively engaged with her alma mater, volunteering her time and expertise to support James Madison University.

Leila E. Rice, APR, *Chief Communications Officer*

Leila Rice joined HRSD in March 2017, leading the Communications Division and overall HRSD strategic communication initiatives, internal and external communications, media relations, crisis communications, branding, social media, community relations, and community education programs. She previously served as Public Affairs Manager for Elizabeth River Crossings, where she managed internal and external communications, media relations and community outreach for the $2.1 billion Elizabeth River Tunnels Project. Her experience also includes serving as Community and Media Relations Manager for Norfolk-based non-profit agency ForKids, Inc., and more than 20 years of radio and television media and management experience. Ms. Rice holds a Bachelor of Arts in Communication Arts from James Madison University and holds Accreditation in Public Relations. She has also completed the Kenan-Flagler Water and Wastewater Leadership Program. She is a member of the Public Relations Society of America,

Hampton Roads Chapter, where she previously served on the board as treasurer, vice president and president. She currently serves on several committees, including the Value of Water (VOW) Campaign Steering Committee, the NACWA Communications and Public Affairs Committee, and the WateReuse Outreach and Education Committee. Ms. Rice is also a member of the Board of Directors for the Foodbank of Southeastern Virginia and the Eastern Shore.

Awards

HRSD has received numerous awards for excellence in plant operations and maintenance, environmental engineering and design, public education, and financial reporting. To date, its treatment plants have earned 427 awards for outstanding compliance with National Pollutant Discharge Elimination System (NPDES) permits since 1986, when the recognition program was established.

Awards and honors received from January 2024 through March 2026 include the Best Project Award for Atlantic Treatment Plant Thermal Hydrolysis Process (THP) and Fats, Oils, and Grease (FOG) Receiving Station by Engineering News and Record (ENR); the 2024 Top Projects Award by Wastewater Digest for the Surry Hydraulic Improvements and Interceptor Force Main; the American Council of Engineering Companies Virginia Grand Award for HRSD's Climate Change Planning Study; the NACWA National Environmental Achievement Awards in the categories of Public Information and Education, Watershed Collaboration, and Workforce Development. HRSD also received the 2024 Engineering Achievement Award presented by the Engineers Club of Hampton Roads for the "Boat Harbor Treatment Plant Force Main Section 1 – James River Crossing Project" and the Governor's Excellence Award – James River Land Improvements. The National Association of Clean Water Agencies (NACWA) awarded Peak Performance Awards to 11 HRSD treatment plants.

HRSD also earned the Grand Award Winner at the 2026 American Council of Engineering Companies (ACEC) Virginia Engineering Excellence Awards for the James River Crossing project and was awarded the Technical Achievement in Government Award for the Sustainable Water Initiative for Tomorrow (SWIFT) project, by Innovate Hampton Roads. The Elizabeth River Project awarded HRSD the Sustained Distinguished Performance as a Model Level River Star Business, and HRSD earned the National Association of Clean Water Agencies (NACWA) National Environmental Achievement Awards in the categories of Community Leadership, Operational and Environmental Performance, Public Information and Education, and Research and Technology in 2025.

HRSD also earned the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for its first two publications of its Popular Annual Financial Report, and the HRSD Finance Division also earned the George F. Ames PISCES award in the Innovative Finance category from the Environmental Protection Agency (EPA).

THE SERVICE AREA

The District provides service to approximately 5,000 square miles of land area within the boundaries of its service area. The geographical limits are shown on the map behind the inside front cover and include the following localities:

City of Chesapeake	Gloucester County
City of Hampton	Isle of Wight County
City of Newport News	James City County
City of Norfolk	King and Queen County
City of Poquoson	King William County
City of Portsmouth	Mathews County
City of Suffolk	Middlesex County
City of Virginia Beach	Northampton County
City of Williamsburg	Surry County (excluding Town of Claremont)
Accomack County	York County

The District and the Commission are independent of the localities served by the District. See "HAMPTON ROADS SANITATION DISTRICT – Authorization and Purpose" and " – The Commission."

The District's Enabling Act includes provisions for adding territory to the District. From time to time, adjacent Counties have requested to have their jurisdictional area added to the territory within the District. In 2020, for example, the Counties of Northampton and Accomack on Virginia's Eastern Shore were added to the District.

Population Growth

The area within the District has experienced substantial urban and suburban development and consequent population growth. The historical population within the District is presented below. Presently, the District contains more than 20% of the population of the Commonwealth of Virginia

Historical Population Growth in the District

Year	Population[(1)]	Population Increase[(2)]
1960	660,338	-
1970	973,247	47%
1980	1,085,332	12
1990	1,431,000	32
2000	1,551,000	8
2010	1,674,917	8
2020	1,813,000	8
2025	1,832,053	1

(1) Sources: 1960-2020, United States Bureau of the Census; 2025, Weldon Cooper Center.
(2) Increase in population includes both increases in population within the District's original service area, as well as the expansion of the District's service area.

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The District's top ten ratepayers represented 7.4% of the District's total rate base, as measured by wastewater treatment charges, in Fiscal Year 2025. The following table compares the top ten ratepayers in Fiscal Year 2025 with the top ten ratepayers in Fiscal Year 2016.

Wastewater Treatment Charges
Ten Largest Customers

Customer	Type	Fiscal Year 2025 Amount[1]	Fiscal Year 2025 % of Total	Fiscal Year 2016 Amount[1]	Fiscal Year 2016 % of Total
U.S. Navy - Norfolk Naval Base	Military Facility	$9,125	2.0%	$4,383	1.9%
Anheuser - Busch, Inc.	Brewery	4,060	0.9	2,961	1.3
Huntington Ingalls Industries	Shipbuilding	3,208	0.7	1,970	0.8
Norfolk Redevelopment & Housing Authority	Housing Authority	2,908	0.6	1,439	0.6
City of Norfolk	Municipality	2,850	0.6	1,353	0.6
Norfolk Naval Shipyard	Military Ship Repair	2,761	0.6	1,859	0.8
U.S. Air Force-Langley Air Force Base[2]	Military Facility	2,755	0.6	-	-
Joint Expeditionary Base Little Creek – Fort Story	Military Facility	2,340	0.5	1,457	0.6
City of Virginia Beach[2]	Municipality	2,188	0.5	-	-
Smithfield Foods	Meat Processor	1,796	0.4	4,067	1.7
Oceana Naval Air Station / Dam Neck[2]	Military Facility	-	-	1,067	0.5
Fort Eustis[2]	Military Facility	-	-	1,200	0.5
Totals[3]		**$33,991**	**7.4%**	**$21,756**	**9.3%**

(1) Dollar amounts in thousands.
(2) Table only includes customer data for years in which a customer was one of the District's ten largest customers.
(3) Totals may not add due to rounding.

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Wastewater Flow

During the past five years, the number of service connections has grown by 2.7%. Billed water consumption has remained relatively constant in such period despite modest population growth because of conservation efforts on the part of utility customers fostered by increasing water and sewer rates across the region, improved construction materials and the installation of low flow plumbing fixtures.

Wastewater Flows and Service Connections

Fiscal Year Ended June 30	Average Daily Wastewater Flow[1]	Total Billed Wastewater Flow[1,2]	Service Connections (Thousands)
2021	154.4	111	481
2022	132.3	111	484
2023	135.1	109	486
2024	145.8	109	488
2025	138.4	111	494

(1) Millions of Gallons per Day (MGD).
(2) Water meters are read for billing purposes by the participating jurisdictions.

Expansion of Service Area

In most instances, the routine expansion of the service area results from the extension of the interceptor system performed at the request of a local government when growth or flow warrants. However, these interceptor lines will generally not be constructed based on speculation that future service areas will develop as planned unless the local jurisdiction(s) provides financial assistance.

Environmental Risks

The Hampton Roads region, in which the District operates, is vulnerable to the impacts of flooding, which are projected to increase in severity. The combination of land subsidence and rising ocean levels increase the risk of higher tides and higher storm surges. Additionally, heavy rainfall events are projected to increase in intensity and frequency, which may result in localized flooding as streams overtop their banks and stress existing stormwater systems. See "THE SYSTEM – Environmental Priorities and Efforts" herein.

THE SYSTEM

[Update] The Wastewater System consists of eight major treatment plants (225 million gallons per day (MGD) capacity), six smaller plants (aggregating approximately 1.63 MGD capacity) and its combined interceptor systems consisting of 139 pump and pressure reducing stations and approximately 557 miles of interceptors and collection sewer ranging in diameter from 6 to 66 inches. The interceptors, which are gravity and force mains, convey wastewater from the point of delivery by municipalities, industry and other users of the Wastewater System to the District's treatment plants.

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The following table identifies the location of the District's major treatment plants, their design capacities and, for the Fiscal Year ended June 30, 2025, their average daily flows.

Treatment System Capacity & Flows
(Millions of Gallons per Day)

Major Treatment Facilities	Average Design Capacity	FY 2025 Annual Average Daily Flow
Army Base [Norfolk]	18.0	8.6
Atlantic [Virginia Beach]	54.0	43.4
Boat Harbor [Newport News]	25.0	11.5
James River [Newport News]	20.0	11.6
Nansemond [Suffolk]	30.0	16.4
Virginia Initiative [Norfolk]	40.0	26.9
Williamsburg [James City County]	22.5	8.3
York River [York County]	15.0	11.6
TOTALS[(1)]	224.5	138.4

[(1)] Totals may not add due to rounding.

In addition to the major facilities described above, the District operates six additional small wastewater treatment plants: two in Middlesex County with a combined capacity of 0.125 MGD, one in the Town of West Point (King William County) with a capacity of 0.60 MGD, one in King William County with a capacity of 0.10 MGD, one in the Town of Onancock (Accomack County) with a capacity of 0.75 MGD, one in the Town of Chincoteague (Accomack County), and one in Lawnes Point (Isle of Wight County) with a capacity of 0.05 MGD. The interceptor system for these localities includes 47 pumping stations. HRSD is responsible for the collection, conveyance and treatment of wastewater, in the Counties of King William, King and Queen, Middlesex, Mathews, and portions of Northampton and Accomack Counties.

System Reliability Improvements and Innovations

HRSD completed significant reinvestment and improvements to its treatment plants, pump stations, interceptor sewers, operational and administrative facilities in recent years. Electrical equipment upgrades throughout all HRSD facilities were made to replace aging system components as well as meet new arc flash safety requirements. The on-going infrastructure renewal program has replaced a number of major interceptor pipelines and pump stations in the southern portion of the District's service area. Improvements included several projects associated with taking the Chesapeake-Elizabeth Treatment Plant (CETP) offline, the Virginia Beach Boulevard Force Main Phase VI project, the Elbow Road Pressure Reducing Station project, and upgrades to six existing pressure reducing stations throughout the South Shore system. Also instrumental to the closure of CETP was the construction of a five-million-gallon wet weather storage facility and pump station attached to a City of Virginia Beach skate park facility. In Norfolk, HRSD acquired the Robin Hood Road pump station to improve system functionality associated with the existing Chesapeake Boulevard pump station. In the Peninsula portion of the service area, major interceptor pipelines and pump station improvements were executed, including the completion of the West Avenue and 35th Street force main in Newport News, the Bloxom's Corner force main in Hampton, the Smithfield Interim Pressure reducing station in Isle of Wight County, the Hampton Trunk 'A' force main in Hampton, the Patrick Henry pump station interconnect force main in Newport News, the Morrison pump station

discharge force main replacement in Newport News, and the Kingsmill pump station piping replacement and wet well rehabilitation in James City County.

HRSD owns 139 pump stations and pressure reducing stations that use various control scenarios using programmable controls to maintain various set points throughout the interceptor system. To provide a more reliable control and monitoring system, new control systems have been placed at nearly every station and system control points within the last three years. The Supervisory Control and Data Acquisition (SCADA) system, system is nearing full deployment and enhances real-time monitoring, system control, predictive response capabilities, and overall operational efficiency.

A comprehensive pressure and flow metering network installed throughout the Wastewater System aids in optimizing system operations and provides flow data to HRSD's dynamic hydraulic model for calibration and validation purposes. The hydraulic model is one of the most sophisticated sewer modeling efforts in the country and is used to guide placement and sizing of future system improvements to cost effectively address wet weather peak flows. In addition, HRSD uses a hydraulic model to evaluate new connections to the system to ensure capacity, size new pipelines and pump stations, develop contingency scenarios and improve system operational efficiency. The hydraulic model was instrumental in HRSD's decision to take the CETP offline and divert the flow to use available capacity at the Atlantic Treatment Plant (ATP). HRSD estimates that the 30-year net present value of savings realized from this decision is approximately $200 million.

In 2017, both the Town of Surry and Surry County transferred their treatment plants and collections systems to HRSD. The Town of Surry Wastewater Treatment Plant was in immediate need of major repairs and had a consent order deadline to take the plant offline before December 31, 2022. Due to the high capital, operations and maintenance costs associated with new treatment plants, HRSD constructed a 132,000 linear foot pipeline project, and eight pump stations to convey flow from these communities to the Nansemond Treatment Plant at an estimated cost of $50 million. This project also included the closure of the Town of Surry and Surry County Wastewater Treatment Plants.

HRSD directed significant effort to meet mass discharge limits on nitrogen and phosphorus resulting from a six-state effort to restore the Chesapeake Bay. As a result of the capital projects at the York River, Nansemond, Army Base James River, Williamsburg, and Virginia Initiative Plant (VIP) Treatment Plants, HRSD continues to meet stringent nutrient limits. Through the use of creative design and phased construction, HRSD deploys cost-effective adaptive technologies to take advantage of the existing facilities and the diversity of treatment processes at each plant. In June 2019, the Virginia State Water Control Board adopted new protective criteria for chlorophyll in the James River. The new criteria were the result of a seven-year study designed to identify the causes and consequences of algal blooms and develop models to estimate their occurrence by linking chlorophyll to nutrients and other environmental factors. These new criteria did not drive a need for additional nutrient reductions in the lower James River, into which HRSD James River facilities discharge. Due to the high cost of nutrient upgrades, the CETP was shut down and its flow diverted to the Atlantic Treatment Plant, which is an ocean discharge plant that does not require nutrient removal.

Even more stringent nutrient discharge limits became effective in 2026 for nitrogen, along with a series of incremental phosphorus reductions in 2028, 2030, and 2032. To meet the 2026 nitrogen requirements, two large capital projects are now in construction. These include upgrades at James River Treatment Plant (JRTP) and the closure of Boat Harbor Treatment Plant (BHTP) with the transfer of flow to Nansemond Treatment Plant (NTP) and the expansion and enhanced nutrient removal at that facility to accommodate the increased flow. The BHTP closure project will include the construction of a large pump station on the BHTP property, and installation of approximately 31,000 feet of transmission force with

diameters up to 54 inches in diameter under the James River, and to include a network of force mains entering NTP.

The District has developed an innovative managed aquifer recharge program called the Sustainable Water Initiative for Tomorrow (SWIFT) to address the challenges of declining aquifer levels, land subsidence and saltwater intrusion, and provide additional benefits to the region, including nutrient credits for urban stormwater and other needs. SWIFT will add advanced water treatment (AWT) two of the District's existing treatment plants to produce approximately 50 MGD of water that meets drinking water standards and is compatible with the receiving aquifer. Water meeting drinking water standards (SWIFT Water®) will be recharged into the Potomac Aquifer System to counter the aquifer challenges described above. In support of SWIFT, the District constructed and is operating a 1 MGD demonstration facility, known as the SWIFT Research Center at the Nansemond Treatment Plant. The center demonstrates, on a meaningful scale, that AWT produces SWIFT Water® that meets primary drinking water standards and is compatible with the receiving aquifer. The first full-scale SWIFT facility is in construction at the James River Treatment Plant with a rated capacity of 16 MGD including AWT and recharge wells. This facility is expected to come online in 2026, and these upgrades are an important part of meeting 2026 nitrogen and future phosphorus limits.

The SWIFT program includes multiple barriers of control for the treatment and removal of contaminants and pathogens, including per - and polyfluoroalkyl substances (PFAS). The first major barrier is source control in which HRSD enforces stringent regulatory limits on the industries that discharge into the District's wastewater facilities so that water generated from SWIFT facilities complies with Safe Drinking Water Act requirements for recharge to a potable aquifer. The SWIFT facility itself includes multiple control barriers, including coagulation, flocculation, sedimentation, ozonation, biofiltration and granular activated carbon (GAC) adsorption prior to ultraviolet disinfection. The use of GAC provides treatment of PFAS to comply with the recently released National Primary Drinking Water Regulation for PFAS. As a further means of aquifer protection, critical control points (CCPs) have been identified throughout the treatment process, allowing real-time process monitoring with the ability to redirect any water not meeting specifications away from the aquifer recharge wells to be managed instead by the wastewater facility and in compliance with its receiving stream discharge permit (Virginia Pollutant Discharge Elimination System (VPDES)).

In addition, the District has initiated a substantial capital project to add SWIFT to the expanded Nansemond Treatment Plant (50 MGD) with an AWT capacity of 34 MGD. Construction has begun, with startup expected in 2029. This facility is an important factor in HRSD meeting future phosphorus limits.

The last measure needed to meet the final 2032 phosphorus limits is a tertiary treatment upgrade at the VIP Treatment Plant. This project is in the early feasibility design stages, and the project will be constructed in a manner that allows the potential future conversion to SWIFT AWT and recharge.

In 2020, the District also implemented at the Atlantic Treatment Plant a system that increases biogas generation by receiving and processing restaurant-derived fats, oils, and grease (brown grease) containing water and converting it to additional digester gas.

In May 2025, the Commission approved agreements with a company to construct a renewable natural gas (RNG) recovery and treatment facility at the Atlantic Treatment Plant to treat biogas created as part of the wastewater treatment process. Under the agreements, the company will design, build, operate, and maintain the facility with no monetary compensation from the District. The company will purchase raw digester gas (biogas) from the District and deliver the upgraded biogas to the natural gas grid. HRSD expects the Facility's construction to be completed by the fall of 2027.

In 2008, HRSD worked with the Navy to use the Atlantic Treatment Plant's effluent to act as a heat sink for a large Navy facility located adjacent to the plant. This system, similar in function to a geothermal system, saves the Navy $3 million per year and won a Federal Facility Presidential Award in 2009. The District has installed its first photovoltaic array at the SWIFT Research Center, a 60 kW system that supplies approximately one-quarter of the SWIFT Research Center's operating power demand.

The District started up a new process (Greasezilla) at the Nansemond Treatment Plant in 2025 to recover brown grease in the form of ship bunker fuel.

HRSD owns and operates the second Ostara nutrient recovery facility in the United States. The patented Ostara process recovers phosphorus and nitrogen from the wastewater treatment process, rather than releasing it into the Chesapeake Bay, and converts it to a slow-release, high-phosphorus content, commercial fertilizer. As part of the Nansemond Treatment Plant expansion, and in response to more stringent future phosphorus limits, the Ostara nutrient recovery facility is currently under construction to increase the capacity of the facility, to add an additional phosphorus stripping step, and to switch to a more cost effective source of magnesium, the combined impact of which will be roughly triple the current struvite production rate.

The District is a leading agency in wastewater research and development. In collaboration with an international group of researchers and other third parties, the District played a major role in patenting a process using mainstream external selectors to improve biomass settleability and stabilize biological phosphorus removal. This technology was installed at the James River Treatment Plant in 2015 and in one train at the Urbanna Treatment Plant in 2016. In addition, the District is collaborating with an international group of agencies and academic institutions to study a revolutionary wastewater process using a relatively new bacterium called anammox. The District started operating the first two full-scale sidestream treatment processes using anammox in the Western Hemisphere at York River Treatment Plant and James River Treatment Plant. HRSD developed and patented (pending) a new control system for one of those processes, known as the AnitaMox process.

HRSD operates the two documented full-scale mainstream nutrient removal processes using anammox at the York River and James River Treatment Plants in an emerging application known as partial denitrification-anammox (PdNA). At York River, the implementation of PdNA was completed internally by HRSD staff for minimal capital investment, resulting in the savings of approximately $1 million per year in chemicals and energy and avoiding a substantial conventional nutrient removal capital project. This was based on about eight years of pilot testing and research. HRSD, in collaboration with others, patented a suite of technologies associated with the treatment of nitrogen using low energy, low carbon, and intensified (smaller tanks) processes and based on mainstream nitrite shunt and deammonification (anammox). In the current applications, this technology suite is known as AvN-PdNA. HRSD has also implemented mainstream PdNA at the James River Plant as part of the nutrient upgrades that are currently in construction, and the first of six PdNA tank retrofits at the Nansemond Treatment Plant is now in startup.

Capital Improvement Program

The District's Capital Improvement Program is designed to meet regulatory requirements, including both nutrient reduction and sanitary sewer overflow reduction, aging infrastructure renewals and replacements, biosolids management and increased capacity. The District uses a ten-year planning horizon for the CIP. The CIP is updated each year and modified as circumstances dictate. The Commission approves the overall program and the first year of the plan and appropriates funds on an individual project basis. The District also employs a CIP project prioritization program using a decision-analysis based process. This process allows each proposed project to be considered objectively against the merits of other proposed projects. Individual projects are scored using performance measures based on risk reduction and

ranked. After the CIP review team considers each project score for consistency, the CIP leadership team makes final decisions on project acceptability and develops a prioritized project schedule based on projected capital funding availability.

The District has undertaken an Integrated Plan that will use innovative approaches to removing nutrients from the Chesapeake Bay and assist with other regional issues such as aquifer recharge and land subsidence. The centerpiece of the Integrated Plan is the SWIFT program, which will further treat plant effluent to drinking water standards and use it to recharge the Potomac aquifer. The 2026-2035 CIP includes $1.4 billion for the SWIFT program. The Integrated Plan also addresses sanitary sewer overflows (SSO) and has allocated $200 million for projects that will have the largest impact towards reducing SSO's during wet weather events.

The 2026-2035 CIP includes approximately $3.4 billion in interceptor system, treatment plant, water reuse, and other facility improvements. Of that total, $258 million is identified for the rehabilitation and upgrade of wastewater treatment plants. A number of interceptor sewer projects, totaling approximately $424 million, are in the planning, design or construction phase. These planned projects are proposed to address aging infrastructure issues within the District's extensive interceptor sewer piping system. Upgrades to aging sewer pump stations and new pump stations to serve Hampton Roads are an important part of the CIP, with over $268 million of such improvements planned in the next ten years. The CIP includes $304 million in anticipated biosolids management improvements.

The following table sets forth the District's anticipated sources of funds for the Capital Improvement Plan in Fiscal Years 2027 through 2031.

CIP, Fiscal Years 2027 to 2031
(Dollar amounts in thousands)
(As of Fiscal Years ending June 30)

Sources of Funds	2027	2028	2029	2030	2031	Total (2027-31)
Beginning Capital Reserves	$107, 603					$107,603
Revenue Bonds	-	-	-	-	-	-
Va. Clean Water Revolving Fund Loan	60,000	$40,000	$40,000	$40,000	$40,000	220,000
Draw on WIFIA Bonds	-	-	-	-	-	-
Water Quality Improvement Fund (WQIF) Grants[(1)]	500,000	195,000	125,000	227,000	189,000	1,236,000
HRSD Cash	196,667	203,643	196,986	155,933	168,591	921,820
Reimbursements	7,133	6,938	4,000	-	-	18,071
Commercial Paper (Negative = Pay Off)	58,597	164,419	29,220	(62,743)	(77,591)	111,903
Total Sources for Capital Expenditures[(2)]	$930,000	$610,000	$395,206	$360,190	$320,000	$2,615,396

(1) The timing and amount of the Water Quality Improvement Fund (WQIF) grants is dependent on funding provided by the Commonwealth and is subject to change. HRSD plans to adjust its funding sources, if needed, based on the receipt of WQIF grants.
(2) Totals may not add due to rounding.

The District plans to fund the Capital Improvement Program through a combination of cash and debt financing as shown in the above table. The CIP also includes $1.25 billion in funding in Fiscal Years 2031 through 2035, of which $200 million is planned to be funded with debt proceeds and $1.05 billion with operating cash.

In addition to its ten-year planning horizon, the District undertakes preliminary planning for its CIP through 2045. While subject to change, the District estimates additional capital expenditures of $3.12 billion for years 2036-2045, with approximately 40% to be financed with new debt. Capital expenditures include estimated costs associated with the RWWMP, as defined and discussed under " – State Consent Agreement and EPA Consent Decree" below.

The proposed new debt conservatively assumes a combination of interim financing, and federal and state subsidized funding. HRSD continues to seek the lowest cost of capital by using the Virginia Clean Water Revolving Loan Fund (VCWRLF) and Water Infrastructure Finance and Innovation Act (WIFIA) loans. See "SECURITY AND SOURCES OF PAYMENT – Outstanding Senior Obligations." The District will continue to monitor market conditions to obtain the most advantageous methods of future CIP financing.

Regulation and Permits

The Virginia State Water Control Law (Chapter 3.1, Title 62.1, Code of Virginia, 1950, as amended) provides that the plans and specifications for wastewater facilities to be constructed be approved by the Virginia Department of Health and the Virginia Department of Environmental Quality. The District operates all of its plants and interceptor systems under permits issued by the Virginia Department of Environmental Quality.

In addition to the regulatory issues described under " – State Consent Agreement and EPA Consent Decree," the Commonwealth's Phase 3 Watershed Implementation Plan for the Chesapeake Bay Total Maximum Daily Load (TMDL) requires additional nutrient reductions phased in from 2026-2032. Compliance with the required reductions relies on additional capital investment at multiple HRSD facilities. Beyond this, the District is not aware of any pending federal or Commonwealth regulatory requirements proposed in the Federal Register or the Virginia Register that, in themselves, would require significant expenditures for additional capital improvements; however, the District cannot predict the scope or effect of future federal or Commonwealth regulatory actions that could require significant expenditures for capital improvements.

As a matter of practice, HRSD manages its operational and capital planning to mitigate compliance risk associated with uncertainty in the regulatory environment. This approach favors flexibility and adaptive management. This type of risk mitigation also requires HRSD to engage directly in highly consequential state and federal policy and regulatory development to remain abreast of regulatory considerations and contribute to the scientific discourse where possible. HRSD's solids management strategy is an example of such an approach. Flexibility was increased through the implementation of a Thermal Hydrolysis Process (THP) at the Atlantic Treatment Plant, a process which significantly reduced the volume of biosolids produced at the plant, creating a pathogen-free biosolids product and increasing options for the end use of the material. HRSD's current portfolio of management options for the solids generated at all of its facilities includes incineration, landfilling, composting, and land application as conditions allow. These options allow HRSD to pivot as new regulations or new treatment technologies become available. As a stakeholder in the protection of public health and the environment, HRSD participates in research funded by the Environmental Protection Agency (EPA) and other grant funding institutions to better understand the potential risk associated with chemical contaminants in solids along

with evaluating varying treatment technologies that may be effective at removing chemical contaminants of concern.

HRSD also leverages its Pretreatment and Pollution Prevention program as a key part of its risk management strategy, driving upstream controls of potential contaminants of concern, particularly where greater gains can be achieved through controlling the contaminants at their source. HRSD carries this concept of source control or pollutant minimization to the residential level as well, working with regional entities to educate residents about their role in reducing the introduction of problematic chemical contaminants into the wastewater stream.

State Consent Agreement and EPA Consent Decree

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

HRSD's obligation to provide regional wet weather sewer capacity is now solely imposed through its federal consent decree (the "Consent Decree"). HRSD entered into the Consent Decree with the Commonwealth and the United States Environmental Protection Agency (EPA). The Consent Decree was entered by the Federal District Court for the Eastern District of Virginia (the "District Court") on February 23, 2010. The Consent Decree has had six major amendments, most recently on January 19, 2024, and a minor amendment, effective May 4, 2026, that adjusted certain project schedules due to a variety of circumstances (construction sequencing, land acquisition, locality approvals, etc.) (as cumulatively amended, the "Amended Consent Decree").

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

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

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

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

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

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

Environmental Priorities and Efforts

Since its inception in 1940, the District has served the Hampton Roads region with its mission of protecting public health and the waters of Hampton Roads. The District's vision is that the District's communities will have clean waterways and reliable water resources for generations to come. SWIFT is the District's newest water treatment innovation, as described in detail above under " – System Improvements and Innovations."

To better understand the effects of rising sea levels, the District commissioned a comprehensive sea-level rise impact study that concluded in May 2023. The study provided a foundation to address the next 80 years of flooding-related impacts and prioritized flood mitigation projects across all of the District's facilities. As of Fiscal Year 2025, flood mitigation projects were incorporated into the long-term capital planning process, with an average of $5 million in projects to be completed per year over the next fifty years.

In recent years, the District also updated its standards to increase the freeboard three feet above the Federal Emergency Management Agency (FEMA)'s 100-year flood elevation and adopted design standards for assets that require using the U.S. Army Corps of Engineers' sea-level rise tool.

Asset Management Program

The District's Asset Management Plan is a dynamic model that leverages data from multiple systems and calculates the likelihood and consequence of failure for each asset in the District's infrastructure portfolio to determine the remaining useful life and replacement year. HRSD uses business intelligence (dashboard) software that is integrated with other enterprise systems, such as its Geographic Information System (mapping system), Enterprise Resource Planning System (financial reporting, human relations, procurement, payroll and budgeting system), and its Supervisory Control and Data Acquisition System (industrial control system that allows the District to monitor and in certain cases control pump station operations) to display the latest condition, performance, and reliability of each asset as well as a long-term capital investment forecast. The dynamic Asset Management Plan provides the District with the

ability to filter by facility, asset class, unit process, and other categories to make the best decisions for sustaining asset performance and prioritizing capital investments.

Cybersecurity

The District, like many other public entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware, and other such attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could affect operations and digital networks, and the costs of remedying any such damage could be significant.

In 2019, the District developed an Information Technology governance plan and technology roadmap, that included cybersecurity, risk management, business continuity, and new technology integration. The District is implementing this plan over time, at a total estimated cost of approximately $15.5 million between FY 2019 and 2026.

Since May of 2020, the District's Cybersecurity Department has included a dedicated Chief Information Security Officer. The Chief Information Security Office maintains an Information Technology Security Policies in accordance with applicable standards and laws. The policy defines minimum security requirements for the District's assets including the managerial, operational, and technical protection requirement and controls to ensure the confidentiality, integrity, and availability of the District's IT assets; and compliance with requirements of applicable federal, and state law and the District's policies and regulations.

The District maintains a comprehensive cyber insurance coverage policy that covers breach related expenses, liability and extortion. In addition, the District maintains crime insurance, which includes computer related fraud.

The District has been the subject of ransomware and other malicious cyber-attacks. The District has not experienced any negative material impact on its operations or finances as a result of such attacks.

FINANCIAL MANAGEMENT

General

Through its annual budget process, management seeks to ensure that operating revenues are sufficient to meet operating expenses and sufficient reserves are available in the event actual billings do not meet budgetary expectations. The upgrades and expansion of new treatment plants and extensions and improvements of the interceptor system are financed by a combination of operating revenues and debt financing. The following table sets out the District's operating results, capital grants and debt service coverage for Senior Indebtedness the Fiscal Years ended June 30, 2021, through June 30, 2025.

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Summary of Operating Expenses and Debt Service Coverage
(Dollar Amounts in Thousands)
(As of Fiscal Years ended June 30)[1]

	2021	2022	2023	2024 (restated[2])	2025
Operating Revenues					
Wastewater Treatment Charges	$325,817	$352,414	$383,115	$422,784	$460,275
Miscellaneous	3,952	5,532	4,820	4,157	4,761
Total Operating Revenues	$329,769	$357,946	$387,935	$426,941	$465,036
Operating Expenses					
Wastewater Treatment	$132,820	$134,135	$149,532	$167,327	$173,973
General and Administrative	48,691	45,673	53,995	60,152	57,028
Total Operating Expenses, excluding Depreciation	$181,511	$179,808	$203,527	$227,479	$231,001
Non-Operating Revenues (Expenses)					
Wastewater Facility Charges	$7,379	$7,072	$7,293	$7,153	$6,928
Investment Income	471	(1,651)	6,068	13,673	26,121
Bond Interest Subsidy[3]	2,167	2,052	2,015	1,622	-
Capital Distributions to Localities[4]	(376)	(13)	(2,422)	(2005)	(811)
Bond Issuance Costs	(682)	(311)	(98)	(1,000)	(1,351)
Net Non-Operating Revenues (Expenses)	$8,959	$7,149	$12,856	$19,443	$30,887
Net Revenues Before Special Item	$157,217	$185,287	$197,264	$218,651	$264,922
Special Item[5]	-	-	-	-	23,758
Net Revenues	$157,217	$185,287	$197,264	$218,651	$288,680
Add Back: Operating Expenses on Improvements not Owned by HRSD	376	13	2,422	2,005	811
Net Revenues (Adjusted)	$157,593	$185,300	$199,686	$220,656	$289,491
Senior Debt Service[6]	$59,213	$61,017	$66,391	$76,894	$78,314
Senior Debt Service Coverage Ratio (GAAP)	2.66	3.04	2.97	2.87	3.70

(1) Revenues and Operating Expenses presented in accordance with generally accepted accounting principles; debt service presented on a cash basis (i.e. debt service actually due during the related Fiscal Year).

(2) Effective July 1, 2024, HRSD implemented GASB 101, which updates the recognition and measurement guidance for compensated absences and required a restatement of FY 2024.

(3) Actual Federal Subsidy received from the federal government relating to interest on the District's Wastewater Revenue Bonds, Series 2009B (Federally Taxable-Issuer Subsidy-Build America Bonds), which were redeemed as a whole on May 9, 2024, and are no longer outstanding.

(4) Operating Expenses on improvements not owned by HRSD are funded through HRSD's Capital Improvement Plan from sources that may include cash, debt, grants, and other sources. Such expenses are excluded from the definition of Operating Expenses under the Trust Agreement.

(5) In Fiscal Year 2025, HRSD changed the Retiree Health Plan Other Post-Employment Benefit (OPEB) by requiring retirees participating in HRSD's employer sponsored Medicare Supplement Plan to move to an employer sponsor Medicare Advantage Plan. The effect of this change resulted in a one-time reduction in the OPEB expenses of $23,758,000.

(6) Calculated based on actual debt service payable on a current year basis. Includes debt service on the District's obligations (none of which remain outstanding) that were senior in right of payment to Senior Bonds and other Senior Obligations, and excludes debt service on Subordinate Obligations.

Pension Fund and Other Post-Employment Benefits (OPEB). For a description of the District's participation in the Virginia Retirement System, a defined benefit plan offered by the Commonwealth of Virginia, and of the post-retirement health benefits for qualifying employees of the District, see the District's Annual Comprehensive Financial Report attached as Appendix B hereto.

Debt Management. The Commission has adopted a comprehensive financial policy designed to promote sound financial management. The policy addresses, but is not limited to, the following areas: reserves, budgetary principles, internal controls, debt affordability, debt management, risk management, derivatives and investments. The Commission has the right to change the financial policy from time to time.

The policy requires minimum debt service coverage requirements in excess of its obligations under the Trust Agreement. It also requires cash contributions to its capital program of not less than 15% of each year's capital improvement program. Additionally, the policy establishes parameters for the investment of its funds.

[Remainder of page intentionally left blank.]

Projected Operating Results. The following table shows projected Revenues and Current Expenses for the Fiscal Years ending June 30, 2027, through June 30, 2031, inclusive.

Summary of Projected Revenues and Current Expenses
(Dollar Amounts in Thousands)
(As of Fiscal Years ending June 30)[1]

	2027	2028	2029	2030	2031
Operating Revenues[2]	$539,077	$568,917	$594,184	$615,034	$634,992
Non-Operating Revenues	21,365	16,293	16,293	16,967	17,423
Less Operating Expenses Excluding Depreciation	(265,294)	(288,336)	(309,790)	(346,948)	(365,422)
Net Revenues before Net Performance Margin[3]	$295,147	$296,875	$300,687	$285,052	$286,993
Net Performance Margin[3]	13,265	14,417	15,490	17,347	18,271
Net Revenues	$308,412	$311,292	$316,176	$302,400	$305,264
Senior Debt Service[2][4][5]	$111,745	$107,649	$119,190	$120,477	$118,977
Senior Debt Service Coverage Ratio [2][4][5]	2.02	2.25	2.17	2.09	2.09
Key Assumptions[6]					
Rate Increases	9.0%	5.5%	5.0%	4.0%	4.0%
Change in Consumption	0.0%	0.0%	-0.4%	-0.4%	-0.6%
Key Inflation Trends					
Average Inflation	5.1%	5.5%	4.2%	4.1%	4.1%
Personal Expenses	12.0%	14.0%	5.0%	5.0%	5.0%
Healthcare Rates	5.2%	5.2%	5.2%	5.2%	5.2%
Contractual Services	5.0%	8.0%	5.0%	5.0%	5.0%

(1) Totals may not add due to rounding.
(2) Revenues and Operating Expenses presented in accordance with generally accepted accounting principles; Debt service presented on a cash basis (i.e. debt service actually due during the related Fiscal Year).
(3) The Net Performance Margin is an approximate five percent reduction in estimated operating expenses, conservatively based on the District's historical performance of an average 10 percent reduction in actual operating expenses relative to projections.
(4) Debt service does not include principal and interest on the Notes[, the Line of Credit] or the Series 2025A Bonds, which are Subordinate Indebtedness with balloon maturities. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Outstanding Subordinate Obligations" in the front portion of this Offering Memorandum.
(5) Assumes debt service on variable rate Series 2016B Bonds of 3.60% per annum. No assurance can be given, however, that the rate on the Series 2016B Bonds will not be higher than assumed above.
() While the District believes the assumptions set forth above are reasonable, actual results may vary.

Budgeting and Accounting

Budgetary Controls. The District adopts an annual operating budget and a 10-year Capital Improvement Plan. The budget is approved on or before June 30 of each year. The District maintains budgetary controls on a divisional basis, and the General Manager/Chief Executive Officer is authorized to add or eliminate positions and transfer funds among departments without Commission approval. With the exception of capital projects, unencumbered funds lapse at fiscal year-end. As part of the budget process, the District also adopts a long-range financial forecast.

Financial Statements. In accordance with accounting principles generally accepted in the United States, the District's audited general purpose financial statements are prepared on an accrual basis of accounting. The District's audited basic financial statements and the report thereon by Cherry Bekaert LLP, for the Fiscal Year ended June 30, 2025, are included in Appendix B. The District's independent auditor, Cherry Bekaert LLP, has not been engaged to perform and has not performed, since the date of its

report included in Appendix B, any procedures on the financial statements addressed in that report. Cherry Bekaert LLP also has not performed any procedures relating to this Offering Memorandum.

The Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for excellence in Financial Reporting to the District for its annual comprehensive financial reports for 42 consecutive Fiscal Years. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

FY 2026 Budget; Interim financial reports. The District's FY 2026 Budget represents total budgeted revenue and expense increases of $50.4 million, or 10.8% over the adopted FY 2025 Budget. This increase was supported with a 9.0% rate increase plus increases in other revenue sources such as investment income.

For FY 2026 Budget through April 2026 (83% of FY 2026), total revenues were (unaudited) $462 million (85% of FY 2026 Budget) and expenses and transfers were (unaudited) $418 million (77% of FY 2026 Budget). The interim financial report from which such information is derived summarizes the results of the District's operations on a basis of accounting that differs from generally accepted accounting principles. Revenues are recorded on an accrual basis, whereby they are recognized when billed, and expenses are generally recorded on a cash basis. No provision is made for non-cash items such as depreciation and bad debt expense.

The District publishes unaudited financial reports at www.hrsd.com/investor-relations. Such reports are not incorporated into this Offering Memorandum by reference, and the District reserves the right to modify the content and timing of such reports in the future or to eliminate them altogether.

FY 2027 Budget. [placeholder subject to revision based on commission action.] On May 26, 2026, the Commission approved the Fiscal Year 2027 Annual Budget and the 10-year, Fiscal Year 2027 – 2036 Capital Improvement Plan (CIP), both effective July 1, 2026. The Annual Budget reflects a [9] percent retail rate increase, which supports approximately [96] percent of total revenues. In 2027, the average ratepayer will pay [$4.47] more per month for wastewater treatment services. Cash contributed to fund the CIP increased by [6.0] percent and debt service costs increased by [6.8] percent. In 2027, total CIP expenditures are estimated to be approximately $XXX million; the total 10-year CIP is approximately $XXX billion, which is $XXX million *lower* than the total CIP adopted in 2026.

Rates

The District periodically reviews its rate structure and revises its charges as necessary to generate the revenues required to meet its current financial obligations. The most recent general increase in rates will become effective July 1, 2026. The District's full rate schedule appears on the District's website, www.hrsd.com.

Currently, the District's typical residential customer pays less than $50 per month for sewage interception and treatment services provided by the District. The District's sewage interception and treatment charge generally is one of the smallest public service utility bills its customers receive. Generally, the District bills and collects directly from its customers on a monthly, bimonthly, or quarterly basis depending upon the community. The jurisdictions provide the meter readings, which are the basis of the District's billing operation.

The District charges surcharge rates to recover costs in direct proportion to volume and pollutant concentrations in excess of typical residential wastewater. Industrial users are typically permitted facilities requiring periodic effluent sampling.

The District provides billing services to several of the jurisdictions it serves, including Chesapeake, Norfolk, Smithfield, Suffolk, King William, Urbanna and Surry County (excluding the Town of Claremont). The combined bill can include jurisdictional charges for water, solid waste disposal, sewage collection, storm water mitigation and District charges for sewage interception and treatment. To date, these services have been provided at no cost to assist the jurisdictions and customers the District serves to minimize the number of bills the customers receive and number of payments they need to make.

Rate-Making Process

The Enabling Act provides that the Commission is to fix and revise rates, fees and charges to provide funds that, with other funds available for such purposes, will be sufficient at all times (a) to pay the cost of maintaining, repairing and operating the Wastewater System and all improvements thereto, including reserves for such purpose and for renewals and replacements and necessary extensions and additions to the Wastewater System, (b) to pay the principal of and the interest on such revenue bonds as the same shall become due and to provide reserves therefor, (c) to pay costs associated with a customer assistance program, and (d) to provide a margin of safety for making such payments.

The Enabling Act provides that before any revision of rates, fees and charges shall become effective the Commission shall publish a copy thereof for four consecutive weeks in a newspaper of general circulation within the District. If, on or before the last publication, the governing body of any city or county constituting a part of the District or five hundred or more qualified voters residing within the District file a petition with the Virginia State Corporation Commission complaining of the proposed revision, the State Corporation Commission may by order suspend the placing in effect of such revision for a period not exceeding sixty days from the filing of any such petition during which time it shall investigate whether such revision is just and equitable and in accordance with the provisions of the Enabling Act. If the State Corporation Commission does not enter an order suspending, approving or disapproving such revision within sixty days from the filing of any such petition, such revision will be deemed to be in effect. The District or the party or parties filing a petition may appeal to the Supreme Court of Virginia from any such order as may be entered by the State Corporation Commission.

Collection of Unpaid Wastewater Treatment Charges

The Enabling Act provides that if any bill for wastewater treatment charges is not paid in full when the same becomes due, the owner, tenant or occupant of such lot or parcel of land shall, until wastewater treatment charges are paid, cease to dispose of wastewater or industrial wastes originating from or on such property by discharge thereof directly or indirectly into the Wastewater System, and if such owner, tenant or occupant does not cease such discharge within two months after the delinquent fees and charges are due, it shall be the duty of each public or private agency supplying water to such property, within five days after receipt of notice of such facts from the District, to cease supplying water to such property. If the water supply is not stopped, the District has the power to enter into any public or private property to shut off the property's water supply.

The District participates in the Virginia Set-Off Debt Collection Program administered by the Virginia Department of Taxation. This program provides a means for government units and courts to collect delinquent debts by attaching individual income tax refunds and certain state lottery winnings. Jurisdictions participating in the Hampton Roads Utility Billing Service (which is managed by the District) may have

the District submit their balances along with the District's. This benefits the jurisdictions since, under the Debt Set-Off Collection Program, the District has a higher payoff priority than counties and cities.

The following table shows the District's treatment charge collection rate for the last ten Fiscal Years.

Collection Rate

Fiscal Year Ended June 30	Percentage of Wastewater Treatment Charges Collected
2016	99.1%
2017	99.1
2018	99.3
2019	99.2
2020	99.3
2021	99.3
2022	99.6
2023	99.3
2024	98.9
2025	99.1

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; employee dishonesty; injuries to employees; and natural disasters. HRSD purchases commercial insurance for specific types of coverage including property, liability, auto, crime, public officials and workers' compensation. Claim settlements and judgments not covered by commercial insurance are covered by operating resources. The amount of settlements did not exceed insurance coverage for each of the past three Fiscal Years. The District also has a self-insured health, dental and vision care benefits program for all employees.

[Remainder of page intentionally left blank.]

HRSD Commission Meeting Agenda
May 26, 2026
Attachment B

9. Atlantic Treatment Plant Odor and Solids Improvements 2023
Approval of Guaranteed Maximum Price (GMP)

   a. Eleventh Supplemental Trust Agreement
   b. Bond Purchase Agreement
   c. Official Statement
   d. Escrow Deposit Agreement
   e. Notice of Sale

$240,775,000
Hampton Roads Sanitation District
Wastewater Revenue Bonds,
Series 2024B

Certificate as to Eleventh Supplemental Trust Agreement

I, Jennifer L. Cascio, Secretary of the Hampton Roads Sanitation District Commission (the "Commission"), DO HEREBY CERTIFY that attached hereto is a true and correct copy of the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024, by and between the Hampton Roads Sanitation District and The Bank of New York Mellon Trust Company, N.A., as Trustee.

WITNESS my hand and the official seal of the Hampton Roads Sanitation District Commission this 8th day of August, 2024.

By: _____
Secretary of the Hampton Roads
Sanitation District Commission

(Seal)



ELEVENTH SUPPLEMENTAL TRUST AGREEMENT

by and between

HAMPTON ROADS SANITATION DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

Dated as of August 1, 2024

Securing

$240,775,000

Wastewater Revenue Bonds,
Series 2024B

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EXHIBIT A – FORM OF 2024B BONDS

THIS ELEVENTH SUPPLEMENTAL TRUST AGREEMENT, dated for convenience of reference as of August 1, 2024 (this "Supplemental Trust Agreement"), by and between

HAMPTON ROADS SANITATION DISTRICT,

a political subdivision of the Commonwealth of Virginia, by Hampton Roads Sanitation District Commission, the governing body of said District, and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

a national banking association duly incorporated and validly existing under the laws of the United States of America and having a Corporate Trust Office in Pittsburgh, Pennsylvania, which is authorized under such laws to exercise trust powers and is subject to examination by federal authority (said banking corporation and any bank or trust company becoming successor Trustee under this Supplemental Trust Agreement being hereinafter sometimes called the "Trustee"), supplements the Trust Agreement, dated as of October 1, 2011 (the "Original Trust Agreement"), as amended and restated as of March 1, 2016, as amended, and as further amended and restated as of July 1, 2024 (the "Amended and Restated Trust Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A. (the Amended and Restated Trust Agreement, as amended and supplemented from time to time, the "Trust Agreement"),

WITNESSETH:

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

WHEREAS, by virtue of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (said Chapter 66 as so amended being hereinafter sometimes called the "Enabling Act"), the Commission is authorized and empowered, among other things:

(a) to construct, improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater treatment system or systems, either within or without or partly within and partly without the corporate limits of the District,

(b) to issue, at one time or from time to time, revenue bonds, notes or other obligations of the District payable solely from the special funds provided under the authority of the Enabling Act and pledged for their payment, for the purpose of refunding the outstanding bonds, including the payment of any redemption premium thereon, paying the cost of a wastewater treatment system or systems and extensions and additions thereto, and providing funds for any other authorized purpose of the Commission, and

(c) to fix, revise, charge and collect rates, fees and other charges for the use of, and for the services and facilities furnished or to be furnished by, any such wastewater treatment system; and

WHEREAS, the Commission has determined to provide for the issuance under the Trust Agreement at this time of revenue bonds of the District in the aggregate principal amount of Two Hundred Forty Million Seven Hundred Seventy-Five Thousand Dollars ($240,775,000) (the "2024B Bonds") for the purpose of providing funds, together with other available funds, (i) to finance a portion of the costs of its 2025-2034 Capital Improvement Program and (ii) to pay certain expenses incurred in connection with the issuance of the 2024B Bonds by the District; and

WHEREAS, the District is entering into this Supplemental Trust Agreement for the purpose of fixing the details of the 2024B Bonds; and

WHEREAS, the Trustee has accepted the trusts created by this Supplemental Trust Agreement and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS SUPPLEMENTAL TRUST AGREEMENT WITNESSETH: that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of 2024B Bonds by the Holders (as defined in the Trust Agreement) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Trustee at or before the execution and delivery of this Supplemental Trust Agreement, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which 2024B Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of all 2024B Bonds at any time issued and Outstanding under this Supplemental Trust Agreement and the interest thereon according to their tenor, purport and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Commission has executed and delivered this Supplemental Trust Agreement in the name of and on behalf of the District, and has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Holders, from time to time, of 2024B Bonds, or any part thereof, as follows:

(end of Preamble)

ARTICLE I.

DEFINITIONS

Section 1.1 Meaning of Words and Terms. In addition to words and terms defined in the Trust Agreement, which words and terms are used herein as therein defined, or elsewhere in this Supplemental Trust Agreement, the following words and terms as used in this Supplemental Trust Agreement shall have the following meanings, unless some other meaning is plainly intended.

"Closing" means the date on which this Supplemental Trust Agreement becomes legally effective, the same being the date on which the 2024B Bonds are delivered against payment therefor.

"Defeasance Obligations" means noncallable (i) Government Obligations, (ii) senior debt obligations issued or guaranteed by, or investments otherwise stripped from senior debt obligations issued by, any federal agency, instrumentality, corporation, or government-sponsored enterprise, including but not limited to: (1) Federal Home Loan Bank System, (2) Export-Import Bank of the United States, (3) Federal Financing Bank, (4) Government National Mortgage Association, (5) Federal Home Loan Mortgage Company, (6) Federal Housing Administration, (7) Private Export Funding Corp, (8) Federal National Mortgage Association, (9) Federal Farm Credit Bank, (10) Resolution Funding Corporation, including interest strips and principal strips, (11) Rural Economic Community Development Administration (formerly, Farmers Home Administration), (iii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iv) obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and commonly known as "interest strips" of the Resolution Funding Corporation, (v) Defeased Municipal Obligations, (vi) United States Agency for International Development ("US AID") guaranteed notes (including stripped securities) provided that any US AID security shall mature at least 10 business days prior to any cash flow or escrow requirement, and (vii) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian.

"Defeased Municipal Obligations" means obligations of state or local government municipal bond issuers which are rated the highest rating by at least two of the three Rating Agencies, meeting the following conditions:

(i) (A) such obligations cannot be redeemed prior to maturity or (B) the trustee for which has been given irrevocable instructions concerning their call for redemption, and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations that may be applied only to interest, principal, and premium payments on such obligations;

(iii) the principal of and interest on such Government Obligations (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

"**Electronic Means**" means, e-mail, secure electronic transmission containing applicable authorization codes, passwords or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under this Supplemental Trust Agreement.

""**Interest Payment Date"** means each January 1 and July 1, commencing January 1, 2025, to and including July 1, 2054.

"Principal Payment Date" means July 1 of each of the years set forth in the tables in Section 2.1 and Section 2.3 below.

"**Regular Record Date**" means the fifteenth day (whether or not a business day) of the calendar month next preceding each Interest Payment Date.

"**Tax Certificate**" means the certificate, including the exhibits thereto, of that name delivered by the District in connection with the issuance of the 2024B Bonds.

Section 1.2 Rules of Construction. This Supplemental Trust Agreement shall have the same rules of construction as are provided for the Trust Agreement in its Section 102. Any provision of this Supplemental Trust Agreement referring to actions to be taken by the District shall be deemed to refer to the Commission to the extent that the Enabling Act authorizes the Commission to take such action instead of the District.

(end of Article I)

ARTICLE II.

DETAILS OF THE 2024B BONDS

Section 2.1 Details of 2024B Bonds. The 2024B Bonds shall be issued in accordance with and secured by the Trust Agreement, including in particular the provisions of Section 209 of the Trust Agreement, as supplemented by this Supplemental Trust Agreement, as Current Interest Bonds in the aggregate principal amount of $240,775,000 for the purposes set forth in Section 209 of the Trust Agreement and the Preamble of this Supplemental Trust Agreement, shall be dated their date of delivery, shall be designated "Wastewater Revenue Bonds, Series 2024B," shall be numbered R-1 and upwards, shall be issued in substantially the form set forth in Exhibit A hereto, shall bear interest (based on a 360-day year consisting of twelve 30-day months) from their dated date until their payment, such interest to the maturity thereof being payable semi-annually on the Interest Payment Dates, January 1 and July 1 in each year, commencing January 1, 2025, at the following rates, and shall be stated to mature on July 1, as the case may be, in the following years and amounts:

Due July 1	Principal Amount	Interest Rate
2039	$10,870,000	5.00%
2040	18,660,000	5.00
2041	22,035,000	5.00
2042	25,260,000	5.00
2043	29,325,000	5.00
2044	27,520,000	5.00
2045	33,575,000	5.00
2046	18,850,000	5.00
2049	21,550,000	5.00
2054	33,130,000	5.00

Section 2.2 Optional Redemption. From any available money, the District may, at its option, redeem the 2024B Bonds prior to their respective maturities, as a whole or in part, on any date beginning July 1, 2034, at a redemption price equal to the principal amount thereof, together with interest accrued to the date fixed for redemption.

[Remainder of page intentionally left blank.]

Section 2.3 **Mandatory Redemption.** The 2024B Bonds due on July 1, 2054, are term bonds subject to mandatory sinking fund redemption on July 1 in the following years in the following principal amounts ("Sinking Fund Requirements") at a redemption price equal to par, together with interest accrued to the date of redemption:

Series 2024B Term Bonds due July 1, 2054

Year	Sinking Fund Requirement
2051	$14,390,000
2052	8,390,000
2053	4,635,000
2054	5,715,000†

† Unamortized balance at maturity.

Section 2.4 **Selection of 2024B Bonds to be Redeemed**. The 2024B Bonds shall be redeemed only in the minimum denomination authorized in Section 202 of the Trust Agreement or in whole multiples of such minimum denomination. In selecting 2024B Bonds for redemption, the Trustee shall treat each 2024B Bond as representing the number of 2024B Bonds that is obtained by dividing the principal amount of such 2024B Bond by the minimum denomination authorized by this Supplemental Trust Agreement. Except while the 2024B Bonds are held in a Book-Entry Only system, and subject to its rules, if less than all of the 2024B Bonds of a particular maturity shall be called for redemption, the particular 2024B Bonds or portions of 2024B Bonds to be redeemed shall be selected by the Trustee by such method as the Trustee in its sole discretion shall determine.

Section 2.5 **Redemption Notice.** At least thirty (30), but not more than sixty (60), days before the redemption date of any 2024B Bonds, whether such redemption be in whole or in part, the Trustee shall cause a notice of such redemption, in the name of the District, to be mailed, certified mail, return receipt requested to all Holders owning 2024B Bonds to be redeemed in whole or in part, but any defect in such notice or the failure so to mail any such notice to any Holder owning any 2024B Bonds shall not affect the validity of the proceedings for the redemption of any other 2024B Bonds. Each such notice shall set forth the 2024B Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, and if less than all the 2024B Bonds shall be called for redemption, the maturities of the 2024B Bonds to be redeemed and, if less than all of the 2024B Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such 2024B Bonds to be redeemed and, in the case of 2024B Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any 2024B Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such 2024B Bond, a new 2024B Bond in principal amount equal to the unredeemed portion of such 2024B Bond and of the same maturity will be issued.

Section 2.6 **Effect of Calling for Redemption.** On the date fixed for redemption, notice having been mailed in the manner and under the conditions hereinabove provided, the 2024B Bonds or portions thereof called for redemption shall become due and payable at the redemption price provided therefor, plus accrued interest to such date; provided, however, that the

District may direct that the notice of an optional redemption may state that the call for redemption is expressly conditioned on there being on deposit with the Trustee on the redemption date sufficient money to effect the redemption at the applicable redemption price plus accrued interest, if any, and if such money shall not be so on deposit, the call for redemption shall be deemed cancelled, void and of no effect and all 2024B Bonds called for such redemption shall remain Outstanding and if presented for payment, such 2024B Bonds shall be returned forthwith to their registered owners. If money or Government Obligations, or a combination of both, sufficient to pay the redemption price of the 2024B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the Holders of 2024B Bonds to be redeemed, interest on the 2024B Bonds called for redemption shall cease to accrue after the date fixed for redemption; such 2024B Bonds shall cease to be entitled to any benefits or security under this Supplemental Trust Agreement or to be deemed Outstanding; and the Holders of such 2024B Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption. 2024B Bonds and portions of 2024B Bonds for which irrevocable instructions to pay or to call for redemption on one or more specified dates have been given to the Trustee and the Bond Registrar in form satisfactory to them shall not thereafter be deemed to be Outstanding under this Supplemental Trust Agreement and shall cease to be entitled to the security of or any rights under the Trust Agreement as supplemented by this Supplemental Trust Agreement, other than rights to receive payment of the redemption price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in Section 2.5, and, to the extent hereinafter provided, to receive 2024B Bonds for any unredeemed portions of 2024B Bonds if money or Defeasance Obligations, or a combination of both, sufficient to pay the redemption price of such 2024B Bonds or portions thereof, together with accrued interest thereon to the date upon which such 2024B Bonds are to be paid or redeemed, are held in separate accounts by the Trustee or the Bond Registrar in trust for the holders of such 2024B Bonds.

Section 2.7 Redemption of Portion of 2024B Bonds. If a portion of an Outstanding 2024B Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such 2024B Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the District shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the 2024B Bond so surrendered, a 2024B Bond of the same maturity and bearing interest at the same rate.

Section 2.8 Cancellation. 2024B Bonds so redeemed, presented and surrendered shall be cancelled upon the surrender thereof.

Section 2.9 Use of Defeasance Obligations to Redeem 2024B Bonds. For purposes of this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem 2024B Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the redemption price of, and the interest accruing on, such 2024B Bonds to such date.

(end of Article II)

ARTICLE III.

APPLICATION OF THE PROCEEDS OF THE 2024B BONDS

Section 3.1 Creation of Subfunds. For purposes of convenience and to enable the District to track the proceeds from the sale of the 2024B Bonds, the Trustee shall establish (i) the "Series 2024B Issuance Subfund" (the "Issuance Subfund") within the Issuance Fund and (ii) the "Series 2024B Construction Subfund (the "Construction Subfund") within the Construction Fund.

The creation of such Subfunds shall not be deemed to create a preference in favor of the holders of the 2024B Bonds with respect to amounts on deposit therein.

Section 3.2 Application of the Proceeds of the 2024B Bonds. Simultaneously with the delivery of the 2024B Bonds, the proceeds of the 2024B Bonds shall be applied by the Trustee as follows:

(1) to the credit of the Issuance Subfund, the amount of $603,221.82; and

(2) to the credit of the Construction Subfund, the amount of $268,087,870.00.

(end of Article III)

ARTICLE IV.

TAX COVENANTS

Section 4.1 Covenant as to Arbitrage. The District agrees that money on deposit in any fund or account maintained in connection with the 2024B Bonds, whether or not such money was derived from the proceeds of the sale of the 2024B Bonds or from any other sources, and whether or not the 2024B Bonds are Outstanding hereunder, (i) will not be used in a manner that would cause the 2024B Bonds to be, and (ii) will be used in a manner that will cause the 2024B Bonds not to be, "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations thereunder. The District shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. The Trustee agrees that, to the extent, if any, that it exercises discretion over the investment of funds, money on deposit in any fund or account maintained in connection with the 2024B Bonds, whether or not such money was derived from the proceeds of the sale of the 2024B Bonds or from any other sources, and whether or not the 2024B Bonds are Outstanding hereunder, will not be used in a manner that the Trustee actually knows would cause the 2024B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations thereunder; and, to that end, to the extent that it exercises discretion over the investment of funds, the Trustee shall not knowingly violate the requirements of Section 148 of the Code and any applicable regulations thereunder. The Trustee shall be protected in relying upon any investment instruction of the District given in compliance with the provisions of this Supplemental Trust Agreement and the Tax Certificate. In the event the District is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Trustee pursuant to this Supplemental Trust Agreement, or to use such money in certain manners, in order to avoid the 2024B Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the 2024B Bonds at such time, the District may issue to the Trustee a written certificate to such effect and appropriate instructions, in which event the Trustee shall take such action as is necessary to restrict or limit the yield on such investment or to use such money in accordance with such certificate and instructions, irrespective of whether the Trustee shares such opinion. The Trustee shall be required to take such action only if the District or a District Representative shall specify the specific Investment Obligations in which the Trustee is to invest money in order to effect the restriction or limitation provided for in the preceding sentence.

Section 4.2 Exclusion From Gross Income Covenant. The District covenants that it will not take any action that will, or fail to take any action which failure will, cause interest on the 2024B Bonds to become includable in the gross income of the owners thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder.

[Remainder of page intentionally left blank]

Section 4.3 Payment of Rebate. The District shall cause to be paid, at the times described in the Tax Certificate, the Rebate Requirement (as defined in the Tax Certificate) to the United States Government. The obligation of the District to make such payments shall survive the termination of this Supplemental Trust Agreement.

(end of Article IV)

ARTICLE V.

DEFEASANCE

Section 5.1 Release of this Supplemental Trust Agreement. When (a)(i) the 2024B Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Supplemental Trust Agreement, the whole amount of the principal and the interest so due and payable upon all 2024B Bonds shall be paid, or (ii) if the 2024B Bonds shall not have become due and payable in accordance with their terms, the Trustee or the Bond Registrar shall hold, sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all 2024B Bonds then Outstanding to the maturity date or dates of such 2024B Bonds and (b) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the District, then and in that case the right, title and interest of the Trustee in the funds and accounts mentioned in this Supplemental Trust Agreement shall thereupon cease, determine and become void and, on demand of the District and upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of this Supplemental Trust Agreement and the defeasance of the 2024B Bonds have been satisfied and, if the 2024B Bonds are to be redeemed more than ninety (90) days after the date the escrow therefor is established, a verification report prepared by an independent firm of certified public accountants or other qualified financial consultants stating that the money and Defeasance Obligations, together with investment earnings thereon, delivered to or held by the Trustee or Bond Registrar, will be sufficient to pay the principal and redemption price of, and interest on the 2024B Bonds called for redemption to their maturity or redemption date, as applicable, the Trustee shall release this Supplemental Trust Agreement and shall execute such documents to evidence such release as may reasonably be required by the District and, subject to the provisions of the Trust Agreement, shall turn over to the District any surplus in, and all balances remaining in, all funds and accounts relating to the 2024B Bonds. Otherwise, this Supplemental Trust Agreement shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Trustee or the Bond Registrar as hereinabove provided, (x) the Trustee shall nevertheless retain such rights, powers and privileges under this Supplemental Trust Agreement as may be necessary and convenient in respect of the 2024B Bonds for the payment of the principal and interest for which such Defeasance Obligations have been deposited, and (y) the Bond Registrar shall retain such rights, powers and privileges under this Supplemental Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of 2024B Bonds.

(1) All money and Defeasance Obligations held by the Trustee (or the Bond Registrar) pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith. If the District shall pay or cause to be paid to the Owners of less than all of the Outstanding 2024B Bonds the principal of and interest on such 2024B Bonds, or such portions thereof, such 2024B Bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under this Supplemental Trust Agreement.

(2) Any Outstanding 2024B Bond (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) of the first paragraph of this Section 5.1 when

(i) there shall have been deposited with the Trustee or any other Depository either money in an amount which, or Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide money in an amount which, together with the money, if any, deposited with or held by the Trustee or any Depository or Paying Agent and available therefor, shall be sufficient to pay when due the principal of and interest due and to become due on such 2024B Bond (or portion thereof) on or prior to the maturity date thereof, (ii) in the event such 2024B Bond is not to mature within the next succeeding sixty (60) days, the District shall have given the Trustee irrevocable instructions to give notice to the Owner of such 2024B Bond (or portion thereof) stating that money or Defeasance Obligations have been deposited with the Trustee or any other Depository as provided in this Article V and that such 2024B Bond (or portion thereof) is deemed to have been paid in accordance with this Article V and stating the maturity date upon which money is to be available for the payment of the principal thereof and interest thereon and (iii) provisions satisfactory to the Trustee shall have been made for the payment of the Trustee's and the Bond Registrar's fees and expenses, and any Paying Agent's or other Depository's fees and all fees and expenses payable by the District in connection with the defeasance of such 2024B Bond.

(3) The money and Defeasance Obligations deposited with the Trustee or any other Depository pursuant to this Section and all payments of principal or interest on any such Defeasance Obligations 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 interest on the 2024B Bonds (or portions thereof) deemed to have been paid in accordance with this Section.

(4) If 2024B 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 Trustee or any other Depository of money or Defeasance Obligations, no amendment to the provisions of this Section which would adversely affect the Owners of such 2024B Bonds (or portions thereof) shall be made without the consent of each Owner affected thereby.

(5) All money and Defeasance Obligations held pursuant to this Article shall be held in trust and applied to the payment, when due, of the 2024B Bonds (or portions thereof) payable therewith.

(end of Article V)

ARTICLE VI.

MISCELLANEOUS

Section 6.1 **Manner of Giving Notice.** All notices, demands and requests to be given to or made hereunder by the District or the Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the District—

Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, Virginia 23455
Attention: General Manager/Chief Executive Officer

(b) As to the Trustee—

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania 15262
Attention: Corporate Trust Department

(c) As to the Bond Registrar—

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania 15262
Attention: Corporate Trust Department

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telecopy or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

The Trustee agrees to accept and act upon instructions or directions, including funds transfer instructions ("Instructions"), pursuant to this Indenture or any other document reasonably relating to the Bonds sent by the District by Electronic Means, provided, however, that the District shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such Instructions and containing specimen signatures of such designated persons, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions by Electronic Means and the Trustee, in its discretion, elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by a designated person listed on the incumbency certificate provided to the Trustee have been sent by such designated person. The District shall be responsible for ensuring that only designated persons transmit such

Instructions to the Trustee and that the District and all designated persons are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such Instructions conflict or are inconsistent with a subsequent written Instruction. The District agrees (i) to assume all risks arising out of the use of such Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Trustee under the provisions of this Supplemental Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Supplemental Trust Agreement shall be released under the provisions of Section 5.1 of this Supplemental Trust Agreement, subject at all reasonable times to the inspection of the District and any Holder and the agents and representatives thereof.

Section 6.2 Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the District or the Trustee shall be unable to mail any notice required to be given by the provisions of this Supplemental Trust Agreement, the District or the Trustee shall give notice in such other manner as in the judgment of the District or the Trustee shall most effectively approximate mailing (but, if by unsecured facsimile or electronic transmission, then in compliance with and subject to the provisions of Section 6.1 above) and the giving of notice in such manner shall for all purposes of this Supplemental Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

Section 6.3 Parties, Bond Registrar and Holders Alone Have Rights under Trust Agreement. Except as herein otherwise expressly provided, nothing in this Supplemental Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Trustee, the Bond Registrar, the District and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Supplemental Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the District, the Bond Registrar and the Holders.

Section 6.4 Effect of Partial Invalidity. In case any one or more of the provisions of this Supplemental Trust Agreement or the 2024B Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Supplemental Trust Agreement or the 2024B Bonds, but this Supplemental Trust Agreement and the 2024B

Bonds 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 the 2024B Bonds or this Supplemental Trust Agreement 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 Commission or the District to the full extent permitted by law.

Section 6.5 Effect of Covenants. All covenants, stipulations, obligations and agreements of the District contained in this Supplemental Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the District to the full extent permitted by the Constitution and laws of the Commonwealth. This Supplemental Trust Agreement is adopted with the intent that the laws of the State shall govern its construction.

Section 6.6 No Recourse Against Members, Officers or Employees of Commission or District. No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Supplemental Trust Agreement, or in any 2024B Bond hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Commission or the District or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the Commission or the District, either directly or through the Commission or the District, respectively, or otherwise, for the payment for or to, the Commission or the District or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon any such 2024B Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Commission or the District or any receiver of either of them, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the 2024B Bonds hereby secured, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Supplemental Trust Agreement and the issuance of the 2024B Bonds.

Section 6.7 Dealing in 2024B Bonds. The Trustee and the Bond Registrar and their directors, officers, employees or agents may in good faith, buy, sell, own, hold and deal in any 2024B Bonds issued under the provisions of this Supplemental Trust Agreement and may join in any action which any Holder may be entitled to take with like effects as if such Trustee were not a Trustee and such bank or trust company were not the Bond Registrar under this Supplemental Trust Agreement.

Section 6.8 Legal Holidays. In any case where the date of maturity of principal of and interest on the 2024B Bonds shall be on a day on which banking institutions at the place of payment are authorized by law to remain closed, then payment of such principal and interest need not be made on such date but may be made on the next succeeding day not a day on which banking institutions are authorized by law to remain closed with the same force and effect as if made on the date of maturity, and in the case of such payment, no interest shall accrue for the period from and after such date.

Section 6.9 Multiple Counterparts. This Supplemental Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 6.10 Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 6.11 Further Authority. The officers of the Commission or the District, attorneys, engineers and other agents or employees of the Commission or the District are hereby authorized to do all acts and things required of them by this Supplemental Trust Agreement and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the 2024B Bonds and this Supplemental Trust Agreement.

(end of Article VI)

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on behalf by its duly authorized officer, all as of the first day of August, 2024.

HAMPTON ROADS SANITATION DISTRICT

(Seal)

By: _____
Steven G. de Mik,
Deputy General Manager and Chief Financial Officer

Attest:

By: _____
Secretary

(Seal)

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Rhonda J. Brannon, Vice President

[Signature Page to Eleventh Supplemental Trust Agreement]

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused these presents to be signed in its name and on its behalf and attested by its duly authorized officers and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be signed in its name and on behalf by its duly authorized officer, all as of the first day of August, 2024.

HAMPTON ROADS SANITATION DISTRICT

(Seal)

By: _____
Steven G. de Mik,
Deputy General Manager and Chief Financial Officer

Attest:

By: _____
Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: _____
Rhonda J. Brannon, Vice President

(Seal)

[Signature Page to Eleventh Supplemental Trust Agreement]

EXHIBIT A

FORM OF 2024B BONDS

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE DISTRICT OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. R-__ $

HAMPTON ROADS SANITATION DISTRICT
(VIRGINIA)
WASTEWATER REVENUE BOND,
SERIES 2024B

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
5.00%	July 1, 20__	August 8, 2024	409327 _____

Registered Owner:
Principal Amount: _____

Hampton Roads Sanitation District (the "District"), a political subdivision of the Commonwealth of Virginia, by the Hampton Roads Sanitation District Commission (the "Commission"), the Commission of the District, for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the registered owner named above, or registered assigns, the principal amount set forth above on the Maturity Date set forth above, upon the presentation and surrender hereof, at the Corporate Trust Office of The Bank of New York Mellon Trust Company N.A. (the "Bond Registrar") located on the date hereof at The Bank of New York Mellon Trust Company, N.A., 500 Ross Street, 12th Floor, Pittsburgh, Pennsylvania 15262. The District also promises to pay, solely from such sources, interest on this Bond (calculated based upon a 360-day year consisting of twelve 30-day months) from the Interest Payment Date (as defined below) next preceding the date on which it is authenticated, unless it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date, or unless it is authenticated prior to its dated date in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, commencing January 1, 2025 (each, an "Interest Payment Date"), at the rate per annum set forth above until the principal sum hereof is paid. The

interest so payable and punctually paid or duly provided for, on any Interest Payment Date, will, as provided in the Trust Agreement hereinafter referred to, be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to the registered owners not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds of this series may be listed and upon such notice as may be required by such exchange, or as more fully provided in said Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized series of revenue bonds of the District, designated "Hampton Roads Sanitation District (Virginia) Wastewater Revenue Bonds, Series 2024B" (the "Bonds"), issued under a trust agreement, dated as of October 1, 2011, between the District and The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as Trustee (said banking corporation and any bank or successor trustee under the Trust Agreement being hereinafter referred to as the "Trustee"), as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024, and supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024, and as the same may be amended and supplemented from time to time (the "Trust Agreement"). The Bonds are being issued for the purpose of providing funds, together with other available funds, (i) to finance a portion of the costs of its 2025-2034 Capital Improvement Program and (ii) to pay certain expenses incurred in connection with the issuance of the 2024B Bonds by the District. Capitalized terms used in this Bond and not otherwise defined shall have the meanings set forth in the Trust Agreement.

This Bond is issued and the Trust Agreement was made and entered into under and pursuant to the Constitution and laws of the Commonwealth of Virginia, and particularly in conformity with the provisions, restrictions and limitations of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended. Capitalized terms used in this Bond and not otherwise defined shall have the meaning set forth in the Trust Agreement.

The District has agreed to perform, observe and comply with certain covenants, conditions and agreements set forth in the Trust Agreement. The District may incur additional indebtedness, including bonds and other indebtedness secured by the Trust Agreement on a *pari passu* basis with the Bonds for the purposes, under the terms and conditions and to the extent described therein.

This Bond is a special obligation of the District and is payable solely from Net Revenues (as defined in the Trust Agreement) derived by the District from its Wastewater System (as defined in the Trust Agreement) and the money attributable to proceeds of the Bonds and the income from the investment thereof and not from any other fund or source. This Bond shall not be deemed to constitute a debt, or a pledge of the faith and credit, of the Commonwealth of Virginia or of any county, city, town or political subdivision thereof. The issuance of this Bond shall not directly or

indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or political subdivision thereof to levy or to pledge any form of taxation whatever therefor.

The Bonds are issuable as fully registered Bonds in denominations of $5,000 or any whole multiple thereof. Bonds may be exchanged at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds, in the manner and subject to the limitations and conditions provided in the Trust Agreement, for an equal aggregate principal amount of Bonds of the same series and maturity, of other authorized denominations and bearing interest at the same rate.

The transfer of this Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the Corporate Trust Office of the Bond Registrar for the delivery of Bonds, but only in the manner and subject to the limitations and conditions provided in the Trust Agreement and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the District shall execute and the Bond Registrar shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same series and maturity and bearing interest at the same rate.

The District may, at its option, redeem the Bonds prior to their respective maturities, as a whole or in part, on any date, beginning July 1, 2034, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with interest accrued to the date fixed for redemption.

The Bonds are also subject to mandatory sinking fund redemption on the dates and in the amounts set forth in the Trust Agreement.

The owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in this Trust Agreement and except that any registered owner may institute action to enforce the payment of the principal of or the interest on such owner's Bond.

Upon the occurrence of certain events, and on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all Bonds then Outstanding under the Trust Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Trust Agreement or any trust agreement supplemental thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This Bond is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Trust Agreement have happened, exist and have been performed as so required.

Neither the members, officers or employees of the Commission or the District, nor any person executing this Bond, is liable personally hereon or subject to any personal liability or accountability by reason of issuance hereof.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Hampton Roads Sanitation District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Chair and the Secretary of the Hampton Roads Sanitation District Commission and a facsimile of the official seal of said Commission to be printed hereon and this Bond to be dated the 8th day of August, 2024.

HAMPTON ROADS SANITATION DISTRICT

By _____
Chair

By _____
Secretary

[Seal]

CERTIFICATE OF AUTHENTICATION

Date of authentication: _____

This Bond is a Bond issued under the provisions of the within-mentioned Trust Agreement.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Bond Registrar

By_____
Authorized Signatory

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

[Please Print or Typewrite Name and Address of Transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ _____attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

_____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

BOND PURCHASE AGREEMENT

July 23, 2024

Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, Virginia 23455
Attn: Steven G. de Mik, Deputy General Manager and Chief Financial Officer

Ladies and Gentlemen:

The undersigned, BofA Securities, Inc. (the "Representative"), offers to enter into this Bond Purchase Agreement (this "Agreement") between the Hampton Roads Sanitation District (the "District"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), and the Representative, acting on behalf of itself, Wells Fargo Bank, National Association, and Stifel, Nicolaus & Company, Incorporated, as the Underwriters (collectively, the "Underwriters"), for the purchase by the Underwriters and the sale by the District of the District's $240,775,000 Wastewater Revenue Bonds, Series 2024B (the "Bonds"). This offer is made subject to acceptance, which will be evidenced by the District's execution and delivery to the Underwriters of this Agreement at or before 11:00 p.m., Virginia Beach, Virginia, time, on August 8, 2024, and, if not so accepted, will be subject to withdrawal by the Representative upon notice delivered to the District at any time thereafter.

The District has heretofore delivered to the Representative the Preliminary Official Statement of the District with respect to the Bonds, dated July 16, 2024 (the "Preliminary Official Statement"), and will deliver an Official Statement in final form, dated July 23, 2024 (the "Official Statement"), as provided herein. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Official Statement.

1. Agreement to Purchase and Sell; Good Faith Deposit. Upon the terms and conditions, and based upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the District for offering to the public and the District hereby agrees to sell and deliver to the Underwriters, all (but not less than all) of the Bonds. The Underwriters intend to make an initial public offering of all of the Bonds at prices no higher than, or yields no lower than, those shown in the Official Statement. Subject to Section 3 hereof, the Underwriters reserve the right to lower such initial offering prices as they deem necessary in connection with the marketing of the Bonds. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the bonds into investment trusts) and others at prices different from the public offering prices stated on the inside cover page of the Official Statement.

The Bonds shall be dated the date of delivery thereof and shall mature in the principal amounts, bear interest at the rates, and be subject to the redemption provisions, all as described in the Official Statement and in Exhibit A attached hereto. The Bonds shall be secured as set forth n the Official Statement. The aggregate purchase price of the Bonds shall be $268,691,091.82 (representing the sum of the $240,775,000.00 par amount of the Bonds, plus an original issue premium of $28,395,996.85, less an underwriting discount of $479,905.03 on the Bonds).

The Representative has delivered to the District, and the District acknowledges receipt of, a wire transfer in the aggregate amount of $2,446,350.00, representing the good faith deposit of the Underwriters. At the Closing (as defined in Section 7 below), the good faith deposit, exclusive of any interest earned on such amount, which shall accrue to the benefit of the District, will be deducted from the amount payable by the Underwriters with respect to the aggregate purchase price of the Bonds (and applied by the District as proceeds of the Bonds), and the Underwriters will pay $266,244,741.82 (representing the $268,691,091.82 purchase price, less the $2,446,350.00 good faith deposit). If the District fails to deliver the Bonds at the Closing, or if the District is unable on or before the Closing to satisfy the conditions to the Underwriters' obligations contained in this Agreement, or if the obligations of the Underwriters are terminated for any reason permitted by this Agreement, the good faith deposit (with no credit for interest thereon) will be returned to the Representative. If the Underwriters fail (other than for a reason permitted in this Agreement) to accept and pay for the Bonds upon their tender by the District as provided in this Agreement, the good faith deposit will be retained by the District as full liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and the delivery of the good faith deposit will constitute satisfaction, and will result in full release and discharge of the Underwriters and their affiliates from all claims and damages for such failure and for any and all defaults. The Underwriters and the District understand that in such event the actual damages of the District may be greater or may be less than the good faith deposit. Accordingly, the Underwriters hereby waive any right to claim that the actual damages of the District are less than such sum, and the acceptance of this offer by the District shall constitute a waiver of any right the District may have to additional damages from the Underwriters.

2. Description of the Bonds; Public Offering. (a) The Bonds are authorized to be issued pursuant to the provisions of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"), a resolution adopted on June 25, 2024 (the "Bond Resolution"), by the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of the District, and the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, and as further amended and restated as of July, 2024, by and between the District and The Bank of New York Mellon Trust Company, N.A., as further supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024 (collectively, the "Trust Agreement").

(b) The proceeds of the Bonds are being used to (i) to finance a portion of the cost of the District's Capital Improvement Program, and (ii) to pay certain expenses incurred in connection with the issuance of the Series 2024B Bonds by the District.

(c) To assist the Underwriters in complying with Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended (the "1934 Act"), the District will execute a Continuing Disclosure Agreement, dated as of the Closing Date (as defined in Section 7 below),

for the benefit of the holders of the Bonds (the "Continuing Disclosure Agreement"). The District will agree in the Continuing Disclosure Agreement to provide annual financial information and operating data and notices of the occurrence of specified events. A description of the Continuing Disclosure Agreement is set forth in, and a form of such agreement is attached as an appendix to, the Preliminary Official Statement and the Official Statement. This Agreement, the Trust Agreement, and the Continuing Disclosure Agreement are hereinafter collectively referred to as the "District Documents."

(d) The District consents to the use of any name, seal, logo or emblem owned by or associated with it in any of the Underwriters' sales, promotional, advertising or marketing material, or in any other form publicly used by the Underwriters.

3. Concurrent Delivery of Official Statement; Establishment of Issue Price of the Bonds. (a) Upon the acceptance, execution and delivery of this Agreement by the District, the District will deliver to the Representative a sufficient number of copies of the final version of the Official Statement, which shall be signed by the Chair or the Vice Chair of the Commission, the General Manager/Chief Executive Officer, and the Deputy General Manager/Chief Financial Officer of the District, to enable the Underwriters to comply with the Rule. The Underwriters' approval of the Official Statement will be conclusively evidenced by the Representative's execution and delivery of this Agreement.

(b) The Representative, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District on the Closing Date an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel (as defined herein), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) The District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Agreement, the Representative shall report to the District the price or prices at which the Underwriters have sold to the public each maturity of Bonds.

(d) The Representative confirms that the Underwriters have offered all of the Bonds to the public on or before the date hereof for purchase at the offering price or prices, or priced to yield, as set forth in Exhibit A attached hereto (the "initial offering price").

Exhibit A also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which District and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply to each such maturity of the Bonds, which will allow the District to treat the initial offering price to the public of each such maturity of the Bonds as of the date hereof as the issue price of that maturity (the "hold-the-offering-price rule"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell any Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the date hereof and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the date hereof; and

(2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the District after the close of the fifth (5th) business day after the date hereof whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

Initial disclosure of maturities that have met the 10% test will be made after the signing of this Agreement, at the earlier of (1) all tickets having been entered by the Representative and (2) 5:00 p.m. Eastern Time, on July 24, 2024.

The District acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer that is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or a dealer that is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, and that no Underwriter shall be liable for the failure of any other Underwriter or of any dealer that is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule.

(e) The Representative confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the hold-the-offering-price rule in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, (B) to promptly notify the Representative of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating

in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer, or broker-dealer, the Representative shall assume that each order submitted by the Underwriter, dealer, or broker-dealer is a sale to the public, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the Representative or the Underwriter or dealer and as set forth in the related pricing wires.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) "maturity" means Bonds with the same credit and payment terms; Bonds with different maturity dates, or with the same maturity date but different stated interest rates, are treated as separate maturities,

(ii) "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party,

(iii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and

(iv) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. Representations Warranties and Covenants of the District. The District represents and warrants to, and agrees with, the Underwriters as follows:

(a) The District is a political subdivision of the Commonwealth duly created and validly existing under the laws of the Commonwealth;

(b) The District has complied with all applicable provisions of the Constitution and laws of the Commonwealth, including the Enabling Act, with respect to the consummation of all of the transactions contemplated by the Official Statement and the District Documents, and has full right, power and authority to enter into the District Documents, to adopt the Bond Resolution, to issue, sell and deliver the Bonds to the Underwriters pursuant to the Trust Agreement and this Agreement, to prepare the Preliminary Official Statement and the Official Statement and to authorize the distribution thereof by the Underwriters and to carry out and consummate all transactions contemplated by the Official Statement and the District Documents, and with respect to the Bonds, the District has complied, and as of the Closing Date will have complied, with the Bond Documents and the laws of the Commonwealth applicable thereto;

(c) The District is authorized under the provisions of the Enabling Act to issue the Bonds for the purposes described in the Trust Agreement and the Official Statement;

(d) The Bond Resolution has been duly adopted by the Commission at a meeting duly called and held and duly and validly authorizes the issuance, sale and delivery of the Bonds pursuant to the Trust Agreement and the execution and delivery of the District Documents, and the Bond Resolution and the Trust Agreement, as of the date hereof, have not been amended, modified or repealed, in any material respect (other than as contemplated herein or by the Official Statement);

(e) The Commission has duly and validly authorized all necessary action to be taken by it or the District for (i) the issuance, sale, and delivery of the Bonds upon the terms set forth herein, (ii) the execution, delivery, and performance of the District Documents, including the Trust Agreement which provides for the issuance and delivery of and security for the Bonds, (iii) the carrying out, giving effect to, and consummation of the transactions contemplated hereby, and (iv) the consent to the distribution by the Underwriters of the Official Statement;

(f) The District Documents, when executed by the other parties thereto, if any, will have been duly and validly executed and delivered by the District and will be in full force and effect as to the District, and such District Documents constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; and the Bonds, when issued, authenticated and delivered to the Underwriters in accordance with the Bond Resolution will constitute legal, valid and binding obligations of the District enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(g) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, governmental agency or public board or body, pending or, to the best knowledge of the District, threatened against the District that (i) may affect the existence of the District or the titles or rights of its officers to their respective offices, (ii) may affect or that seeks to prohibit, restrain or enjoin (A) the sale, issuance or delivery

of the Bonds or (B) the collection or payment of the Net Revenues or the pledge and assignment thereof by the District to make payments on the Bonds, (iii) in any way contests or affects the validity or enforceability of the District Documents, (iv) contests in any way the completeness or accuracy of the Official Statement, or (v) contests the powers of the District or, to the best knowledge of the District, any authority or proceedings for the issuance, sale or delivery of the Bonds, the District Documents or any of them or the transactions contemplated thereby, nor, to the best knowledge of the District, is there any basis therefor wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Bond Resolution or any of the other District Documents;

(h) The District is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation of the Commonwealth of Virginia or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, ordinance, resolution, agreement or other instrument to which the District is a party or to which the District or any of the property or assets of the District are otherwise subject; no event has occurred and is continuing that constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any such instrument; and the execution and delivery of this Agreement and the other District Documents, and the compliance with the provisions thereof, will not conflict with or constitute on the part of the District a violation of, breach of, or default under (i) the Enabling Act, (ii) in any material respect, any indenture, mortgage, lease or note agreement or any other material agreement or instrument to which the District is a party or by which the District is bound, or (iii) any constitutional provision or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the District or any of its activities or properties;

(i) All consents, approvals, authorizations and orders of governmental or regulatory authorities that are required to be obtained by the District in connection with the execution and delivery of this Agreement and the other District Documents and the consummation of the transactions contemplated thereby to be consummated on or before the Closing Date have been or will be, at Closing, duly obtained and in full force and effect; provided, that no representation or warranty is expressed as to any action required under applicable federal or state securities laws or Blue Sky laws of any jurisdiction in connection with the issuance and sale of the Bonds;

(j) At the time of the District's acceptance hereof and (unless an event occurs of the nature described in Section 5(b)) at all times subsequent hereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, as hereinafter defined, the Official Statement was and will be true and correct in all material respects and did not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to any of the information described in the proviso of Section 4(o) below;

(k) If the Official Statement is supplemented or amended pursuant to Section 5(b), at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the end of the underwriting period, the Official Statement as so supplemented or amended will be true and correct in all material respects and will

not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, no representation or warranty is made as to any of the Excluded Information, as defined below;

(l) The District will execute and deliver the Continuing Disclosure Agreement, at or prior to the Closing, in substantially the form attached to the Official Statement as "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT;"

(m) During the 5-year period ending on the date hereof, except as set forth in the Official Statement, the District has not failed in any material respect to comply with all previous undertakings made by it of the type specified in paragraph (b)(5)(i) of the Rule;

(n) During the 5-year period ending on the date hereof, except as set forth in the Official Statement, no notice of the type specified in paragraph (b)(5)(i)(D) of the Rule has been filed by or on behalf of the District;

(o) (i) Other than the Excluded Information, as defined below, the information contained in the Preliminary Official Statement was, as of its date, and the Official Statement is, and as of the Closing Date will be, true and correct in all material respects and does not and will not, as applicable, contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, and (ii) notwithstanding the foregoing, the District has not provided the information in and does not provide any assurance that the information relating to "Price or Yield" of the Bonds and CUSIP numbers on the inside cover, or the first paragraph of page (iv) thereof, or contained in the sections or appendices, as the case may be, captioned "TAX MATTERS," "UNDERWRITING," "APPENDIX D – PROPOSED OPINION OF BOND COUNSEL," and "APPENDIX F – THE DEPOSITORY TRUST COMPANY" (collectively, the "Excluded Information") in the Official Statement is true and correct in all material respects;

(p) The financial statements of, and other financial information regarding the District in the Official Statement and Appendix A thereof, fairly present the financial position and results of the operations of the District as of the dates and for the periods therein set forth; and the audited financial statements have been prepared in accordance with U.S. generally accepted accounting principles consistently applied;

(q) The District will cause the Trustee to authenticate and deliver the Bonds when ready for delivery;

(r) To the District's knowledge, neither the Securities and Exchange Commission ("SEC") nor the securities commission of any jurisdiction has issued or threatened to issue any order preventing or suspending the use of the Official Statement;

(s) No person, whether generally or through an enterprise, fund, or account of such person, other than the District, is committed by contract or other arrangement structured to support payment of all, or part, of the obligations on the Bonds for purposes of and within the meaning of the Rule;

(t) Any certificate signed by any of the District's authorized officers and delivered to the Representative shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein;

(u) Prior to the Closing Date, except as otherwise contemplated by the Official Statement, the Issuer shall not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the Net Revenues or other assets, properties, funds or interests that will be pledged as security or be available as a source of payment for the Bonds pursuant to the Resolution and the Trust Agreement;

(v) The District shall cooperate with the Underwriters in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions, to the extent applicable, as the Representative may request; provided that the District shall not be required to qualify as a foreign corporation in, or submit to the general jurisdiction of, any other state or to file any general or special consent to service of process under the laws of any jurisdiction;

(w) The District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any state tax, of the interest on the Bonds;

(x) Prior to the Closing Date, the District will not amend, terminate or rescind the Bond Resolution or the Trust Agreement without the prior written consent of the Representative, provided, however, that the execution and delivery of the Eleventh Supplemental Trust Agreement in connection with the Bonds is expressly permitted; and

(y) The District acknowledges and agrees that (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the 1934 Act, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm's length commercial transaction between the District and the Underwriters, and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only obligations the Underwriters have to the District with respect to the transaction contemplated hereby expressly are set forth in this Agreement; and (v) the District has consulted its own financial, municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

All representations, warranties and agreements of the District shall remain operative and in full force and effect, regardless of any investigations made by any Underwriter or on the Underwriters' behalf, and shall survive the delivery of the Bonds.

5. Compliance with the Rule; Other Covenants.

(a) The Preliminary Official Statement has been deemed final by the District in accordance with the Rule and remains as such on the date hereof. The District ratifies and consents

to the distribution and use by the Underwriters on or before the date hereof, in connection with the public offering of the Bonds, of the Preliminary Official Statement. The District agrees to supply, at the District's expense, within seven (7) business days after the date hereof and in any event not later than two (2) business days before the Closing, sufficient quantities of the Official Statement to enable the Representative to send copies of the Official Statement to any potential customer upon request in compliance with paragraph (b)(4) of the Rule and the rules and regulations of the Municipal Securities Rulemaking Board ("MSRB"). Delivery of such copies of the Official Statement shall constitute the District's approval and authorization thereof for use in connection with the public offering and sale by the Underwriters of the Bonds. The Official Statement shall be in substantially the same form as the Preliminary Official Statement and, other than information permitted to have been omitted by the Rule, the District shall only make such other additions, deletions and revisions in the Official Statement that are approved by the Representative. The District agrees to deliver to the Representative an electronic copy of the Official Statement in a form that permits the Representative to satisfy its obligations under the rules and regulations of the MSRB and the SEC. The Representative agrees to file the Official Statement with the MSRB in compliance with MSRB Rule G-32.

(b) The District covenants and agrees to notify the Representative if, during the period commencing on the date hereof through the date twenty-five (25) days after the "end of the underwriting period," as hereinafter defined, any event shall occur including, but not limited to, any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the District, and of which the District has knowledge, that would cause the Official Statement to contain any untrue or incorrect statement of a material fact or to omit to state a material fact that should be included therein for the purpose for which the Official Statement is to be used or that is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, if in the reasonable opinion of the Representative such event requires any amendment or supplement to the Official Statement, the District will at the District's expense promptly amend or supplement the Official Statement in a form and manner jointly approved by the District and the Representative. Anything in this Section 5(b) to the contrary notwithstanding, in no event shall the District be under any obligation to perform any continuing due diligence or monitoring to determine if any event described in this Section 5(b) has occurred subsequent to the end of the underwriting period. The "end of the underwriting period" means the Closing Date unless the Representative advises in writing on such Closing Date that as of such date there remains an unsold balance of the Bonds, in which case the "end of the underwriting period" means the date as of which the Representative notifies the District that the Underwriters no longer retain an unsold balance of the Bonds for sale to the public.

(c) Subject to Section 9, the District shall furnish such information, execute such instruments and take such other action in cooperation with the Representative as the Representative may reasonably request to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such states and other jurisdictions of the United States as the Representative may designate; provided, however, the District shall not be obligated to accept, or consent to accept, service of process, or to appoint an agent to accept service of process, outside the Commonwealth of Virginia.

(d) The Representative agrees on behalf of the Underwriters that the Bonds will only be offered pursuant to the Official Statement and only in jurisdictions where such offer is legal

and that a copy of the final version of the Official Statement will be delivered to each purchaser of the Bonds.

6. Conditions to Underwriters' Obligations. The Underwriters' obligation to purchase and pay for the Bonds shall be subject to the performance by the District of its obligations to be performed hereunder and in the documents delivered at the Closing, and the accuracy in all material respects of the representations and warranties contained hereunder and shall also be subject to the satisfaction of each of the following conditions, both as of the date hereof and the Closing Date:

(a) The Representative shall not have discovered any material error, misstatement or omission in the representations and warranties made by the District in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true, accurate and complete in all material respects;

(b) The Bond Resolution, the Enabling Act and the District Documents shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except as may have been agreed or consented to by the Representative;

(c) At the time of the Closing, all official action of the District relating to this Agreement, the Bonds and the other District Documents shall be in full force and effect and shall not have been amended, modified or supplemented except as otherwise agreed to by the Representative;

(d) At the time of the Closing, there shall have been no material adverse change in the condition, financial or otherwise, of the District from that set forth in the Official Statement that in the reasonable judgment of the Representative makes it impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(e) The Representative shall have received the Official Statement, and each supplement or amendment, if any, to it, executed on behalf of the District by its General Manager and its Deputy General Manager and Chief Financial Officer and a fully executed copy of each of the District Documents;

(f) The Representative shall have received from Norton Rose Fulbright US LLP, Bond Counsel for the District ("Bond Counsel"), an approving opinion with respect to the Bonds, dated the Closing Date and addressed to the District, in substantially the form set forth in Appendix D to the Official Statement;

(g) The Representative shall have received from Bond Counsel a supplemental opinion or opinions with respect to the Bonds, dated the Closing Date and addressed to the Underwriters, in substantially the form set forth as Exhibit B hereto;

(h) The Representative shall have received from Sands Anderson PC, general counsel to the District, the opinions dated the Closing Date and addressed to the Underwriters (or shall receive a reliance letter with respect thereto), in substantially the forms set forth in Exhibit C hereto;

(i) The Representative shall have received from Aqualaw, PLC, special counsel to the District, the opinions dated the Closing Date and addressed to the Underwriters (or shall receive a reliance letter with respect thereto), in substantially the form set forth in Exhibit D hereto;

(j) The Representative shall have received from Kaufman & Canoles, a Professional Corporation, counsel to the Underwriters, an opinion dated the Closing Date and addressed to the Underwriters, in form and satisfactory acceptable to the Representative;

(k) The Representative shall have received (i) a certificate of the General Manager and the Deputy General Manager and Chief Financial Officer of the District setting forth facts, estimates and circumstances (including covenants of the District) in existence on the Closing Date sufficient to support the conclusion that it is not expected that the proceeds of the Bonds (or other amounts provided by the District) will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable rules and regulations, and (ii) an executed Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038-G) in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the District;

(l) The Representative shall have received a certificate of the District as to the receipt of payment for the Bonds;

(m) A certificate, dated the Closing Date, signed by the General Manager of the District to the effect that (a) the representations and agreements of the District contained herein are true and correct in all material respects as of the date of the Closing, and the District has complied with all of the agreements and satisfied all of the conditions in the District Documents to be performed or satisfied at or prior to the Closing; (b) except as described in the Official Statement, no litigation is pending or, to his knowledge, threatened, (i) seeking to restrain or enjoin the execution or delivery of any of the District Documents, (ii) in any way contesting or affecting any authority for the Bond Resolution or any District Document, (iii) in any way contesting the creation, existence or powers of the District or the application of the proceeds of the Bonds, or (iv) which, if adversely determined, could materially adversely affect the District's financial position or operating condition or the transactions contemplated by the Official Statement or any District Document; and (c) the Official Statement is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except no review has been made of the Excluded Information;

(n) A certificate, dated the Closing Date, signed by the General Manager of the District, in form and substance satisfactory to the Representative, to the effect that (i) the financial statements of the District as of June 30, 2023, fairly represent the receipts, expenditures, assets, liabilities and cash balances of such amounts and, insofar as presented, other funds of the District as of the dates and for the periods therein set forth and (ii) except as disclosed in the Official Statement, since June 30, 2023, no materially adverse change has occurred, or any development involving a prospective material change, in the financial position or results of operations of the District, and the District has not incurred since June 30, 2023, any material liabilities other than in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(o) The Representative shall have received confirmation of long-term ratings from Moody's Investors Service, Inc. ("Moody's"), and S&P Global Ratings, a division of S&P Global Inc. ("S&P"), indicating that the Bonds have been rated "Aa1" and "AA+," respectively. which ratings shall remain in effect on the Closing Date;

(p) The Representative shall have received a copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by the District;

(q) The Representative shall have received a certificate of the Trustee, wherein the Trustee shall represent that it can perform the duties and obligations with respect to the Bonds imposed upon it by the Trust Agreement;

(r) The Representative shall have received a certified copy of the Bond Resolution and PDF copies of the executed District Documents and such other legal opinions, certificates, instruments and other documents as the Representative or Bond Counsel reasonably may request.

If the District shall be unable to satisfy or cause to be satisfied any material (in the sole judgment of the Representative) condition to the obligations of the Underwriters contained in this Agreement, or if the obligations of the Underwriters shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate, and neither the Underwriters nor the District shall be under any further obligations or liabilities hereunder, except for the return or retention of the good faith deposit as provided in Section 1 hereof and the respective obligations of the District and the Underwriters for the payment of expenses as provided in Section 9 hereof, which obligations shall continue in full force and effect.

7. Closing. By 11:00 a.m. Virginia Beach, Virginia time, on August 8, 2024, or such other time or date as shall otherwise be mutually agreed upon by the District and the Representative (such date is herein sometimes called the "Closing Date"), the District will deliver or cause to be delivered to the Underwriters either through the facilities of The Depository Trust Company ("DTC"), or as shall otherwise have been mutually agreed upon by the District and the Representative, the Bonds and, subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay to the District the purchase price of the Bonds as set forth in Section 1 hereof, such purchase price to be payable in same day Federal Funds. Such delivery and such acceptance and payment are herein sometimes called the "Closing." Delivery of the other documents as aforesaid shall be made at the offices of Bond Counsel in Washington, D.C. The Bonds shall be made available to the Underwriters, or delivered at their direction to such place and at such time as shall be mutually agreed upon, prior to the Closing. At the direction of the Underwriters, the District will deliver the Bonds in definitive form for registration through the book-entry-only system of registration as described in the Official Statement, registered in the name of Cede & Co., as nominee for DTC. It is anticipated that the CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers nor any error with respect thereto shall constitute a cause for failure or refusal by the Underwriters to accept delivery of the Bonds in accordance with the terms of this Agreement.

8. Termination. The Representative may terminate the obligation of the Underwriters to purchase the Bonds by notification to the District in writing, if between the date hereof and the Closing:

(1) legislation shall have been enacted or introduced by the Congress of the United States or the General Assembly of the Commonwealth or legislation shall have been reported out of committee of either body or be pending in committee of either body, or a decision shall have been rendered by a court of the United States or the Commonwealth, or a ruling, resolution, regulation, or temporary regulation, release, or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States or the Internal Revenue Service, or other federal or Commonwealth authority, with respect to federal or Commonwealth taxation upon revenues or other income of the general character of that to be derived by the District from its operations, or upon interest received on obligations of the general character of the Bonds that, in the Underwriters' reasonable judgment, materially adversely affects the market price or the marketability of the Bonds;

(2) legislation shall have been introduced in or enacted by or a bill shall be favorably reported out of committee of either house of Congress or recommended for passage by the President of the United States, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or any other agency of the federal government having jurisdiction of the subject matter shall be made, to the effect that the Bonds, the Resolution or the Trust Agreement are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended, the 1934 Act, or the Trust Indenture Act of 1939, as amended;

(3) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the SEC or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Bonds or the District is in violation of the federal securities laws, including the Securities Act of 1933, as amended, the 1934 Act, or the Trust Indenture Act of 1939, as amended, or with the purpose or effect of otherwise prohibiting the offering, issuance, sale or delivery of the Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Bonds;

(4) an event shall have occurred that (A) makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Preliminary Official Statement or the Official Statement or which is not reflected in the Preliminary Official Statement or the Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and (B) in the judgment of the Representative, materially adversely affects the market price or marketability of the Bonds or the sale, at the contemplated offering prices, by the Underwriters of the Bonds;

(5) there shall have occurred (whether or not foreseeable) any engagement in, or escalation of hostilities or other national or international calamity or crisis, or any material adverse change in the financial or economic conditions affecting the United States, the effect of such engagement, escalation, calamity, crisis or change on the financial markets of the United States being such as, in the Representative's reasonable judgment, would have a material adverse impact on the market price or marketability of the Bonds;

(6) there shall have occurred a material disruption in commercial banking or securities settlement or clearance services, or there shall be in force a general suspension of trading on any national securities exchange or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any national securities exchange whether by virtue of a determination by that exchange or by order of the SEC, or any other governmental authority having jurisdiction that, in the Representative's reasonable judgment, would have a material adverse impact on the market price or marketability of the Bonds;

(7) a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction or a general banking moratorium shall have been declared by federal, Commonwealth of Virginia or State of New York authorities;

(8) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred;

(9) any new restriction on transactions in securities materially affecting the market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or a charge to the net capital requirements of, underwriters shall have been established by the New York Stock Exchange, the SEC, any other federal or Commonwealth agency or the Congress of the United States, or by Executive Order; or

(10) any litigation shall be instituted or be pending on the Closing Date to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Enabling Act, the Bond Resolution, the District Documents or the existence or powers of the District.

9. Expenses. Except as set forth herein, the Underwriters shall not be under any obligation to pay, and the District agrees to pay, any expenses incident to the performance of the District's obligations hereunder, including but not limited to: (i) the cost of preparation of the Bond Resolution; (ii) the costs of the preparation and printing of the definitive Bonds; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of the accountants, advisors and consultants retained by the District; (v) the cost of publication of all required notices; (vi) the disbursements of District officials and employees and any expenses incurred by the Underwriters on behalf of the District's employees and representatives which are incidental to implementing this Agreement, including without limitation meals, transportation, and lodging of such employees and representatives; (vii) fees for the rating on the Bonds; and (viii) the cost of the preparation and printing of a reasonable number of copies of the Official Statement and any amendments or supplements thereto and a reasonable number of copies required for distribution in connection with the public offering of the Bonds.

The Underwriters shall pay the fees and disbursements of Underwriters' counsel, the cost of preparation and printing of this Agreement, all advertising expenses in connection with the public offering of the Bonds and all other expenses incurred by them in connection with the public

offering and distribution of the Bonds, including the cost of printing any Preliminary and Final Blue Sky Memoranda and all other underwriting documents. The District shall not be under any obligation to pay any such expenses incident to the performance of the obligations of the Underwriters hereunder.

The District and the Underwriters acknowledge that expenses included in the expense component of the Underwriters' discount are based upon estimates. The District and the Underwriters agree that if the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount equal to or greater than $500 (the "Reimbursement Threshold"), the Underwriters shall reimburse to the District the amount that the aggregate estimated expenses exceed the aggregate actual expenses. The District acknowledges and agrees that if the aggregate estimated expenses exceed the aggregate actual expenses incurred by the Underwriters in an amount less than the Reimbursement Threshold, no reimbursement will be made by the Underwriters to the District. The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

10. Notices. Any notice or other communication to be given under this Agreement may be given by delivering the same in writing (a) to the District at the District's address set forth above, with a copy to PFM Financial Advisors LLC, 4350 North Fairfax Drive, Suite 590, Arlington, Virginia 22203, Attention: Sarah Frey, Director, and (b) to the Representative at BofA Securities, Inc., 620 South Tryon Street, 25th Floor, Charlotte, North Carolina 28255, Attention: Scott Detar, Director.

11. Successors and Assigns. This Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the District contained in this Agreement shall remain operative and in full force and effect, and shall survive the delivery of the Bonds, regardless of any investigations made by or on behalf of the Underwriters.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to its choice of laws principles.

14. Entire Agreement. This Agreement is the entire agreement of the parties, superseding all prior agreements, and may not be modified except in writing signed by the parties hereto.

15. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance and approval.

Very truly yours,

BofA SECURITIES, INC.
WELLS FARGO BANK, NATIONAL ASSOCIATION
STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: BofA SECURITIES, INC.,
as representative

By:_____
Director

HAMPTON ROADS SANITATION DISTRICT

By:_____
Deputy General Manager and Chief Financial Officer

[Signature page to Bond Purchase Agreement for Hampton Roads Sanitation District Wastewater Revenue Bonds, Series 2024B]

15. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by the District and shall be valid and enforceable as of the time of such acceptance and approval.

Very truly yours,

BofA SECURITIES, INC.
WELLS FARGO BANK, NATIONAL ASSOCIATION
STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: BofA SECURITIES, INC.,
as representative

By:_____
Director

HAMPTON ROADS SANITATION DISTRICT

By:_____
Deputy General Manager and Chief Financial Officer

[Signature page to Bond Purchase Agreement for Hampton Roads Sanitation District Wastewater Revenue Bonds, Series 2024B]

EXHIBIT A

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

Maturities, Amounts, Interest Rates and Yields*

Year of Maturity (July 1)	Principal Amount	Interest Rate	Priced to Yield*
2039	$10,870,000	5.00%	3.18%
2040	18,660,000	5.00	3.27
2041	22,035,000	5.00	3.37
2042	25,260,000	5.00	3.44
2043	29,325,000	5.00	3.51
2044	27,520,000	5.00	3.58
2045	33,575,000	5.00	3.64
2046	18,850,000	5.00	3.69
2049	21,550,000	5.00	3.80
2054	33,130,000	5.00	3.90

*Yield to first optional redemption date of July 1, 2034

Redemption Provisions

Optional Redemption. The Bonds are subject to redemption prior to their respective maturities on or after July 1, 2034, at the option of the District, in whole or in part (in increments of $5,000) at any time, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, plus the unpaid interest accrued thereon to the date fixed for redemption.

[Remainder of Page Intentionally Left Blank]

Mandatory Sinking Fund Redemption.

The Bonds due on July 1, 2054, are subject to mandatory sinking fund redemption on July 1 in the following years in the following principal amounts ("Sinking Fund Requirements") at a redemption price equal to the principal amount thereof, together with interest accrued to the date of redemption.

Term Bonds due July 1, 2054

Year	Sinking Fund Requirement
2051	$14,390,000
2052	8,390,000
2053	4,635,000
2054	5,715,000†

† Unamortized balance at maturity.

In the event of a partial optional redemption or purchase of such term bonds, the District will credit the principal amount of such term bonds so purchased or redeemed against the Sinking Fund Requirements for the remaining term bonds outstanding in such amounts and in such years as it in its sole discretion shall determine.

10% Test

The 10% test referred to in Section 3(d) of this Agreement has been satisfied for each maturity of the Bonds.

EXHIBIT B

SUPPLEMENTAL OPINION OF BOND COUNSEL

August 8, 2024

BofA Securities, Inc.
Charlotte, North Carolina

Wells Fargo Bank, National Association
Charlotte, North Carolina

Stifel, Nicolaus & Company, Incorporated
Conshohocken, Pennsylvania

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

Ladies and Gentlemen:

We have delivered to you copies of our approving opinion as Bond Counsel, dated this date, rendered in connection with the issuance by the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia (the "District"), for the purchase by the Underwriters and the sale by the District of the District's $240,775,000 Wastewater Revenue Bonds, Series 2024B (the "Bonds"). The Bonds are issued pursuant to the provisions of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"), a resolution adopted on June 25, 2024 (the "Bond Resolution"), by the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of the District, and the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, and as amended and restated as of July 1, 2024, between the District and The Bank of New York Mellon Trust Company, N.A., as amended, and as further supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024 (collectively, the "Trust Agreement").

You may rely upon our approving opinions as if each were addressed to you.

At your request, we have reviewed, in addition to the proceedings and other papers described in our approving opinions, the following:

(a) the Bond Purchase Agreement, dated July 23, 2024, between you and the District (the "Purchase Agreement");

(b) the Preliminary Official Statement, dated July 16, 2024, with respect to the Bonds, together with the final version of the Official Statement, dated July 23, 2024, with respect to the Bonds (the "Official Statement"); and

(c) the Continuing Disclosure Agreement, dated the date hereof (the "Continuing Disclosure Agreement").

Based on the foregoing and upon such other information and papers as we consider necessary for the purposes of rendering this opinion, we are of the opinion that:

1. The Purchase Agreement and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the District and, assuming their due authorization, execution and delivery by the other parties thereto, constitute valid and legally binding agreements of the District, enforceable against the District in accordance with their terms. The enforceability of the Purchase Agreement and the Continuing Disclosure Agreement may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally and may be subject to judicial discretion.

2. The offering, sale and delivery of the Bonds do not require their registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification as a trust indenture under the Trust Indenture Act of 1939, as amended. No opinion is expressed with respect to the necessity of the registration of the Bonds under the "Blue Sky" or securities laws of any state, federal district, territory or possession of the United States.

In our capacity as Bond Counsel, we have participated in the preparation and have reviewed those portions of the Official Statement contained under the captions "THE SERIES 2024B BONDS," "SECURITY AND SOURCES OF PAYMENT," "TAX MATTERS," and "CONTINUING DISCLOSURE" (other than information under such caption with respect to the District's compliance with previous undertakings under Rule 15c2-12, as to which no opinion is expressed) and in Appendices B, C, D, and E. In our opinion, the statements relating to the Bonds and the summaries of documents, statutes and opinions contained in the sections of the Official Statement referred to above fairly summarize the material provisions of the Bonds and the documents, statutes and opinions referred to therein. We offer no other opinion or view as to the information contained in the Official Statement.

This letter is furnished by us in our capacity as Bond Counsel to the District. No attorney-client relationship has existed or exists between our firm and the addresses hereof in connection with the Bonds, the Official Statement or by virtue of this opinion. This opinion is delivered to, and is solely for the benefit of, the addressees hereof and is not to be used, circulated, quoted or otherwise referred to or relied upon by any person other than you. This opinion is not intended to be relied upon by the Trustee (as described in the Purchase Agreement) or the holders or the beneficial owners of the Bonds.

Very truly yours,

EXHIBIT C

OPINIONS OF SANDS ANDERSON PC
COUNSEL FOR THE DISTRICT

August 8, 2024

BofA Securities, Inc.
Charlotte, North Carolina

Wells Fargo Bank, National Association
Charlotte, North Carolina

Stifel, Nicolaus & Company, Incorporated
Conshohocken, Pennsylvania

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

Ladies and Gentlemen:

We have acted as general counsel to the Hampton Roads Sanitation District (the "District") in connection with the issuance and sale of the above-referenced bonds (the "Bonds"). The Bonds are being issued under the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, and as amended and restated as of July 1 , 2024, between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), as amended. The Bonds are secured by such Trust Agreement, as further supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024, between the District and the Trustee (collectively, the "Trust Agreement"). Unless otherwise defined, the capitalized terms used in this opinion have the meanings set forth in the Bond Purchase Agreement (as hereinafter defined).

In connection with our opinion, we have examined the following:

(1) Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act");

(2) the resolution relating to the Bonds adopted by the Hampton Roads Sanitation District Commission, the governing body of the District, on June 25, 2024 (the "Resolution");

(3) the Trust Agreement;

(4) the Bonds;

(5) the Bond Purchase Agreement, dated July 23, 2024 (the "Bond Purchase Agreement"), between you and the District;

(6) the Official Statement, dated July 23, 2024 (the "Official Statement"), prepared in connection with the offering of the Bonds; and

(7) the Continuing Disclosure Agreement, dated as of August 8, 2024 (the "Continuing Disclosure Agreement"), delivered by the District for the benefit of the Underwriters and the holders of the Bonds.

The Trust Agreement, the Continuing Disclosure Agreement, and the Bond Purchase Agreement are referred to collectively as the "District Documents."

As to questions of fact material to this opinion, we have relied upon representations of, and the compliance as of the date hereof with the covenants by, the District contained in the District Documents, certifications of public officials furnished to us, and certifications and representations contained in certificates of the District and others delivered at Closing; provided that nothing has come to our attention that would lead us to believe that reliance upon such representations and certifications is unreasonable. We have assumed that (i) all signatures on documents, certificates, and instruments examined by us are genuine, (ii) all documents, certificates, and instruments submitted to us as originals are authentic, and (iii) all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties thereto.

Based upon the foregoing, as of the date hereof, we are of the opinion that:

1. The District is a political subdivision of the Commonwealth of Virginia duly created and validly existing under the Enabling Act and has full power and authority under the Enabling Act to (i)adopt the resolution, (ii) execute and deliver the District Documents and the Bonds, (iii) issue, sell and deliver the Bonds pursuant to the Trust Agreement, and (iv) consummate the transactions contemplated by, and perform its obligations under, the District Documents. The directors and officers of the District identified in the District's general certificate delivered the date hereof have been duly appointed and are qualified to serve as such.

2. The Resolution has been duly adopted, complies with the Enabling Act and is in full force and effect on this date. The Bonds and the District Documents have been duly authorized, executed and delivered by the District and assuming due authorization, execution and delivery by the other parties thereto constitute legal, valid and binding agreements of the District enforceable in accordance with their terms except to the extent their enforceability may be limited by bankruptcy, reorganization or similar laws affecting creditors' rights generally and by general equitable principles.

3. The District has duly approved the Official Statement and its use in connection with the public offering of the Bonds.

4. The authorization, execution and delivery of the District Documents and the Bonds and the performance by the District of its obligations thereunder will not conflict with or constitute

a violation or breach of or default under (i) any federal or Virginia constitutional provision or any other provision of Virginia law, (ii) to the best of our knowledge, any material agreement or other material instrument to which the District is a party or by which the District is bound, or (iii) to the best of our knowledge, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the District or any of its properties.

5. Based on our familiarity with the affairs of the District, but without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement as of its date, together with the final version of the Official Statement as of its date and as of the date hereof, each with respect to the Bonds, nothing has come to our attention which would lead us to believe that the information in the Preliminary Official Statement or the Official Statement (exclusive of the financial and statistical information contained therein) under the captions "PLAN OF FINANCING," "HAMPTON ROADS SANITATION DISTRICT," "THE SERVICE AREA," "THE SYSTEM (exclusive of the information under " – State Consent Agreement and EPA Consent Decree")," "FINANCIAL MANAGEMENT," and "LITIGATION" insofar as it pertains to the District or the System, contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Except as disclosed in the Official Statement, no litigation or other proceedings are pending or, to the best of our knowledge after due inquiry with respect thereto, threatened in any court or other tribunal of competent jurisdiction, state or federal, in any way (a) restraining or enjoining the issuance, sale or delivery of any of the Bonds or the collection of revenues of the System by the District or the pledge of revenues under the Trust Agreement, (b) questioning or affecting the validity of the Bonds, the Resolution or the District Documents, (c) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, registration, issuance or delivery of the Bonds, (d) questioning or affecting the organization or existence of the District or the title to the offices of the officers thereof or (e) contesting in any material respect the completeness or accuracy of the Preliminary Official Statement or the Official Statement. The District has expressly disclosed that the District and the United States Environmental Protection Agency ("EPA") have modified the consent agreement with the Commonwealth of Virginia and the Order from EPA into a federal consent decree lodged with the Federal District Court for the Eastern District of Virginia. Such consent decree could impose penalties and other relief, as set forth in the Official Statement under "THE SYSTEM – State Consent Agreement and EPA Consent Decree." A separate opinion will be issued by AquaLaw, PLC, as to these matters, and we express no opinion as to these matters.

6. All authorizations, approvals, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction that are required for the due authorization of the Resolution, the District Documents and the Bonds have been duly obtained, provided that no opinion is expressed with respect to the necessity of the registration of the Bonds under the "Blue Sky" or securities laws of any state, federal district, territory or possession of the United States.

7. To the best of our knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the Commonwealth of Virginia or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its

obligations under the District Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument and which would materially adversely affect the District's ability to enter into or perform its obligations under the District Documents.

Our services as counsel to the District have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements herein contained. Wherever in this letter an opinion is qualified by the phrase "to our knowledge" or words of like import, it shall mean that we have no actual knowledge to the contrary of the matter or matters so qualified and that no such knowledge to the contrary has come to us during the course of our representation of the District in connection with this transaction, but that we have conducted no independent investigation of such matter or matters or otherwise sought verification thereof, except as may be expressly set forth herein. We have not examined any documents or other information concerning the business or financial resources of the District, and therefore we express no opinion as to the accuracy or completeness of any information that may have been relied upon by any purchaser of the Bonds in making its decision to purchase the Bonds.

We express no opinion as to (i) the status of interest on the Bonds for federal or state income tax purposes, (ii) compliance with federal and state laws regulating securities, (iii) the perfection or priority of any liens or security interests, (iv) any matter which may be governed by the law of any jurisdictions other than the Commonwealth and the United States of America, or (v) any other matter not expressly set forth above. Finally, we do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that might hereafter come or be brought to our attention.

This letter is furnished by us in our capacity as counsel for the District. No attorney-client relationship has existed or exists between our firm and the addressees hereof in connection with the Bonds, the Official Statement or by virtue of this opinion. This opinion is delivered to, and is solely for the benefit of, the addressees hereof and is not to be used, circulated, quoted or otherwise referred to or relied upon by any person other than you. This opinion may not be relied upon by the Trustee or the holders of the Bonds.

SANDS ANDERSON PC

By_____

August 8, 2024

The Bank of New York Mellon Trust Company, N.A.,
as Trustee
Pittsburgh, Pennsylvania

BofA Securities, Inc.
Charlotte, North Carolina

Wells Fargo Bank, National Association
Charlotte, North Carolina

Stifel, Nicolaus & Company, Incorporated
Conshohocken, Pennsylvania

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

Ladies and Gentlemen:

We have served as general counsel to the Hampton Roads Sanitation District (the "District") in connection with the issuance and sale of the above-captioned bonds (the "Bonds"). The Bonds are being issued under the Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, and as amended and restated as of July 1, 2024, between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended. The Bonds are secured by such Trust Agreement, as further supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024, between the District and the Trustee (collectively, the "Trust Agreement"). Unless otherwise defined, the capitalized terms used in this opinion have the meanings set forth in the Trust Agreement.

In connection with our opinion, we have examined the following:

(1) Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended;

(2) the resolution relating to the Bonds adopted by the Hampton Roads Sanitation District Commission, the governing body of the District, on June 25, 2024 (the "Resolution");

(3) the Trust Agreement; and

(4) the Bonds.

As to questions of fact material to this opinion, we have relied upon representations of, and the compliance as of the date hereof with the covenants by, the District contained in the Trust Agreement, certifications of public officials furnished to us, and certifications and representations contained in certificates of the District and others delivered in connection with the issuance of the

Bonds; provided that nothing has come to our attention that would lead us to believe that reliance upon such representations and certifications is unreasonable. We have assumed that all signatures on documents, certificates, and instruments examined by us are genuine, all documents, certificates, and instruments submitted to us as originals are authentic, and all documents, certificates, and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates, and instruments relating to the Bonds have been duly authorized, executed, and delivered by all parties to them other than the District.

Based upon the foregoing and upon such other information and documents as we consider necessary, we are of the opinion that:

(1) the District has the power and authority to execute and deliver the Trust Agreement and the Bonds and to consummate the transactions contemplated by such instruments; and

(2) the Trust Agreement and the Bonds have been duly authorized, executed and delivered by the District.

Our services as counsel to the District have been limited to rendering the foregoing opinions based on our review of such legal proceedings as we deem necessary to make the statements herein contained. Wherever in this letter an opinion is qualified by the phrase "to our knowledge" or words of like import, it shall mean that we have no actual knowledge to the contrary of the matter or matters so qualified and that no such knowledge to the contrary has come to us during the course of our representation of the District in connection with this transaction, but that we have conducted no independent investigation of such matter or matters or otherwise sought verification thereof, except as may be expressly set forth herein. We have not examined any documents or other information concerning the business or financial resources of the District, and therefore we express no opinion as to the accuracy or completeness of any information that may have been relied upon by any purchaser of the Bonds in making its decision to purchase the Bonds.

We express no opinion as to (i) the status of interest on the Bonds for federal or state income tax purposes, (ii) compliance with federal and state laws regulating securities, or the necessity for the registration of the Bonds or the qualification of the Trust Agreement under applicable law, including the Securities Act of 1933, as amended, and the Trust Indenture Act of 1939, as amended, (iii) the perfection or priority of any liens or security interests, (iv) any matter that may be governed by the law of any jurisdictions other than the Commonwealth of Virginia and the United States of America, or (v) any other matter not expressly set forth above. Finally, we do not undertake to advise you of any changes in the opinions expressed herein resulting from matters that might hereafter come or be brought to our attention.

SANDS ANDERSON PC

By: _____

EXHIBIT D

**FORM OF OPINION OF AQUALAW PLC,
SPECIAL COUNSEL TO THE DISTRICT**

August 8, 2024

Hampton Roads Sanitation District
Virginia Beach, Virginia

BofA Securities, Inc.
Charlotte, North Carolina

Wells Fargo Bank, National Association
Charlotte, North Carolina

Stifel, Nicolaus & Company, Incorporated
Conshohocken, Pennsylvania

**$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B**

Ladies and Gentlemen:

We are writing as outside environmental counsel to the Hampton Roads Sanitation District ("HRSD") regarding statements made in the Preliminary Official Statement, dated July 16, 2024 (the "Preliminary Official Statement"), and the Official Statement, dated July 23, 2024 (the "Official Statement"), of HRSD concerning federal and State enforcement initiatives for HRSD's sewage collection system. These initiatives relate to the portion of HRSD's system that serves localities in the Hampton Roads, Virginia, region.

Specifically, we are writing to confirm that the statements contained in the Preliminary Official Statement and in the Official Statement under the caption "THE SYSTEM – State Consent Agreement and EPA Consent Decree" present a fair and accurate summary of the matters purported to be summarized therein. These statements do not contain an untrue statement of a material fact. Nor do they omit to state any material fact necessary in order to make such statements, in the light of the circumstances under which they were made, not misleading with respect to the Preliminary Official Statement, as of its date, and with respect to the Official Statement, as of the date of the Official Statement and as of the date hereof.

Sincerely,

AquaLaw, PLC

EXHIBIT E

$240,775,000
HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

ISSUE PRICE CERTIFICATE
(Hold-the-Offering-Price Rule)

The undersigned, on behalf of BofA Securities, Inc. (the "**Representative**"), and the other members of the underwriting syndicate (together, the "**Underwriting Group**"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "**Bonds**") of Hampton Roads Sanitation District (the "**Issuer**").

1. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "**Initial Offering Prices**") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, dated July 23, 2024, the members of the Underwriting Group agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "**hold-the-offering-price rule**"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail or other third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail or other third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms***.

(a) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "**Hold-the-Offering-Price Maturities**."

(b) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 23, 2024.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Bonds to the Public).

[Final certificate may include standard representations regarding callable premium bonds and computations performed by the underwriter (e.g., yield and weighted average maturity) as may be required by the Issuer.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. The representations set forth herein are not necessarily based on personal knowledge, and, in certain cases, the undersigned is relying on representations made by the other members of the Underwriting Group.

BofA SECURITIES, INC.,
On behalf of the Underwriters, including itself

By: _____
Name:
Title:

Dated: August 8, 2024

SCHEDULE A

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES
(*Attached*)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION
(*Attached)*

NEW ISSUE – BOOK-ENTRY ONLY

Moody's "Aa1"
S&P: "AA+"
(See "RATINGS" herein)

In the opinion of Bond Counsel, under current law and assuming compliance with certain tax covenants and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2024B Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. The District's Enabling Act provides that the Series 2024B Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall be free and exempt from taxation by the Commonwealth of Virginia and by any political subdivision thereof. See "TAX MATTERS" herein for further information.

$240,775,000
Hampton Roads Sanitation District, Virginia
Wastewater Revenue Bonds,
Series 2024B

Dated: Date of Issue **Due: As shown on the inside cover**

The above-captioned bonds (the "Series 2024B Bonds") are being issued under a Trust Agreement, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, and as further amended and restated as of July 1, 2024, as supplemented (the "Trust Agreement"), between the Hampton Roads Sanitation District (the "District") and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"). The proceeds of the Series 2024B Bonds will be used, together with other available funds of the District, (i) to finance a portion of the cost of the District's Capital Improvement Program (as defined herein), and (ii) to pay certain expenses incurred in connection with the issuance of the Series 2024B Bonds by the District. See "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS" herein.

The Series 2024B Bonds are issuable as registered bonds without coupons and will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), serving as securities depository for the Series 2024B Bonds. The Series 2024B Bonds will be available to purchasers in denominations of $5,000 principal amount and any whole multiple thereof only under the book-entry system maintained by DTC through brokers and dealers that are, or that act through, DTC Participants. Principal, premium, if any, and interest will be paid by the Trustee, as bond registrar, to DTC or its nominee, which will remit the payments to the DTC Participants for subsequent disbursement. See "THE SERIES 2024B BONDS – Book-Entry Only System" herein. Interest on the Series 2024B Bonds is payable on each January 1 and July 1, commencing January 1, 2025.

The Series 2024B Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. "THE SERIES 2024B BONDS – Redemption Provisions" herein.

THE SERIES 2024B BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET REVENUES AND OTHER FUNDS PLEDGED TO SECURE THE SERIES 2024B BONDS UNDER THE TRUST AGREEMENT. THE SERIES 2024B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH OF VIRGINIA OR OF ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2024B BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Series 2024B Bonds are offered when, as and if issued, subject to the approving opinion of Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the District by its General Counsel, Sands Anderson PC, Richmond, Virginia, and for the Underwriters by Kaufman & Canoles, a Professional Corporation, Richmond, Virginia. The Series 2024B Bonds are expected to be available for delivery to The Depository Trust Company in New York, New York, on or about August 8, 2024.

BofA Securities

Wells Fargo Securities **Stifel**

July 23, 2024

$240,775,000
Hampton Roads Sanitation District, Virginia
Wastewater Revenue Bonds,
Series 2024B

MATURITIES, AMOUNTS, INTEREST RATES AND PRICE OR YIELD
Base CUSIP Number: 409327†

Due July 1	Principal Amount	Interest Rate	Priced to Yield	CUSIP† Suffix
2039	$10,870,000	5.00%	3.18%(1)	MK6
2040	18,660,000	5.00	3.27(1)	ML4
2041	22,035,000	5.00	3.37(1)	MM2
2042	25,260,000	5.00	3.44(1)	MN0
2043	29,325,000	5.00	3.51(1)	MP5
2044	27,520,000	5.00	3.58(1)	MQ3
2045	33,575,000	5.00	3.64(1)	MR1
2046	18,850,000	5.00	3.69(1)	MS9
2049	21,550,000	5.00	3.80(1)	MT7

$33,130,000 5.00% Term Bonds due July 1, 2054 – Priced to Yield 3.90%(1) – CUSIP Suffix MU4†

(1) Priced at the stated yield to the July 1, 2034, optional redemption date.

† CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers listed above are provided solely for the convenience of bondholders only, and the District does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP numbers are subject to change after the issuance of the Series 2024B Bonds as a result of various subsequent actions including, but not limited to, a defeasance as a whole or in part of the Series 2024B Bonds.

HAMPTON ROADS SANITATION DISTRICT

COMMISSIONERS

STEPHEN C. RODRIGUEZ, *Chair*

WILLIE LEVENSTON, JR. *Vice Chair*

FREDERICK N. ELOFSON, CPA
VISHNU K. LAKDAWALA, Ph.D.
ELIZABETH A. TARASKI, Ph.D.
MICHAEL E. GLENN
NANCY J. STERN
ANN W. TEMPLEMAN

STAFF

JAY A. BERNAS, P.E.
General Manager and Chief Executive Officer

STEVEN G. de MIK, CPA
Deputy General Manager and
Chief Financial Officer

EDDIE M. ABISAAB
Chief Operating Officer

CHARLES B. BOTT, Ph.D., P.E.
Chief Technology Officer

DONALD C. CORRADO
Chief Information Officer

BRUCE W. HUSSELBEE, Ph.D., P.E.
Chief Engineer

JAMIE HEISIG-MITCHELL
Chief of Water Quality

DORISSA T. PITTS-PAIGE, PHR, IPMA-SCP, SHRM-SCP
Chief People Officer

LEILA E. RICE, APR
Chief Communications Officer

JENNIFER L. CASCIO
Commission Secretary

ELIZABETH I. SCOTT
Assistant Commission Secretary

COUNSEL, ADVISOR, TRUSTEE

SANDS ANDERSON PC
General Counsel

PFM FINANCIAL ADVISORS LLC
Financial Advisor

NORTON ROSE FULBRIGHT US LLP
Bond Counsel

AQUALAW, PLC
Special Counsel

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Trustee and Bond Registrar

HRSD Service Area

Facilities include the following:

1. Atlantic, Virginia Beach
2. Army Base, Norfolk
3. Virginia Initiative, Norfolk
4. Nansemond, Suffolk
5. Boat Harbor, Newport News
6. James River, Newport News
7. Williamsburg, James City County
8. York River, York County
9. West Point, King William County
10. King William, King William County
11. Central Middlesex, Middlesex County
12. Urbanna, Middlesex County
13. Onancock, Accomack County
14. Nassawadox, Northampton County

Serving the Cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, Williamsburg and the Counties of Accomack, Gloucester, Isle of Wight, James City, King and Queen, King William, Mathews, Middlesex, Northampton, Surry* and York

*Excluding the Town of Claremont



CERTAIN STATEMENTS INCLUDED IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED, AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY TERMS SUCH AS "PLAN," "PROJECT," "EXPECT," "ANTICIPATE," "INTEND," "BELIEVE," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY RESULTS, PERFORMANCES OR ACHIEVEMENTS EXPRESS OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS DUE TO CHANGES IN ITS EXPECTATIONS OR SUBSEQUENT EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED.

This Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. Neither the delivery of this Official Statement, nor any sale made hereunder, nor any filing of this Official Statement shall under any circumstances create an implication that there has been no change in the affairs of the District since the date of this Official Statement or imply that any information herein is accurate or complete as of any later date.

The Series 2024B Bonds are exempt from registration under the Securities Act of 1933, as amended. As obligations of a political subdivision of the Commonwealth of Virginia, the Series 2024B Bonds are also exempt from registration under the securities laws of Virginia.

No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Series 2024B Bonds, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2024B Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of the transactions contemplated by this Official Statement, but the Underwriters do not guarantee the accuracy or completeness of such information.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information and links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Securities and Exchange Commission Rule 15c2-12.

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Appendix A – Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023, including as a part thereof, the Basic Financial Statements and Related Auditor's Report for the Fiscal Year ended June 30, 2023, as rendered by Cherry Bekaert LLP
Appendix B – Certain Definitions
Appendix C – Summary of Certain Provisions of the Trust Agreement
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Official Statement

Hampton Roads Sanitation District, Virginia

Relating to its
$240,775,000
Wastewater Revenue Bonds,
Series 2024B

INTRODUCTION

This Official Statement, which includes the cover and inside cover pages hereof, the map and the appendices hereto, sets forth information concerning the Hampton Roads Sanitation District (the "District" or "HRSD") and the District's $240,775,000 aggregate principal amount of Wastewater Revenue Bonds, Series 2024B (the "Series 2024B Bonds").

The Series 2024B Bonds are being issued in accordance with the provisions of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"). On June 25, 2024, the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of the District, authorized by resolution the issuance of the Series 2024B Bonds. The Commission is issuing the Series 2024B Bonds for the purpose of providing funds, together with other available funds, (i) to finance a portion of the costs of the District's Capital Improvement Program (as amended from time to time, the "Capital Improvement Program" or "CIP") and (ii) to pay certain expenses incurred in connection with the issuance of the Series 2024B Bonds by the District. See "PLAN OF FINANCING" and "SOURCES AND USES OF FUNDS" herein.

The Series 2024B Bonds are special obligations of the District payable solely from the Net Revenues (hereinafter defined) derived by the District from the operation of its Wastewater System (hereinafter defined) and other funds pledged to secure the Series 2024B Bonds under the Trust Agreement (hereinafter defined). See "SECURITY AND SOURCES OF PAYMENT" and "THE SYSTEM" herein. The Commission has determined to provide for the issuance of the Series 2024B Bonds under the trust agreement entered into by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the "Trustee"), dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024 (the "Amended and Restated Trust Agreement"), as supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024 (the "Eleventh Supplemental Trust Agreement" and together with the Amended and Restated Trust Agreement, as so supplemented and as the same may be amended and further supplemented, the "Trust Agreement"), each by and between the District and the Trustee.

This Official Statement contains a brief description of the Series 2024B Bonds and the District, including its service area, governance and information regarding its operations and finances.

The financial and operating data contained herein and in Appendix A are as of the dates and for the periods indicated, portions of which were prior to the COVID-19 pandemic. Such financial and operating data have not been updated to reflect any potential impacts of the COVID-19 pandemic on District's general economic and financial condition. See "THE SYSTEM – COVID-19 Matters."

Appendix A contains the District's Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023, and includes additional information regarding the District's operations and financial

condition. Appendix B contains the definitions of certain terms used in this Official Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Trust Agreement. Brief descriptions and summaries of certain provisions of the Series 2024B Bonds, the Trust Agreement and the Eleventh Supplemental Trust Agreement are included in Appendix C.

PLAN OF FINANCING

Series 2024B Bonds

A portion of the proceeds of the Series 2024B Bonds will be applied to finance or refinance a portion of the costs of the Capital Improvement Program. See "THE SYSTEM – Capital Improvement Program."

As described under "THE SYSTEM – System Improvements and Innovation," the District has developed an innovative managed aquifer recharge program called the Sustainable Water Initiative for Tomorrow ("SWIFT"). The District anticipates that a significant portion of the proceeds of the Series 2024B Bonds will be used to fund a portion of the SWIFT construction at the District's Boat Harbor and Nansemond Treatment Plants. The District believes that SWIFT has multiple environmental benefits, including addressing the challenges of declining aquifer levels, land subsidence and saltwater intrusion, and providing regional nutrient credits for urban stormwater and other needs.

Future Financings

The District anticipates that it will finance a portion of its Capital Improvement Program through the issuance of Additional Bonds, WIFIA Bonds, VRA Obligations (each as hereinafter defined), and other Indebtedness (as hereinafter defined). See "SECURITY AND SOURCES OF PAYMENT – Senior Obligations" and " – Additional Senior Obligations." Any acceleration of the Capital Improvement Program could result in an acceleration of the timing and, potentially, an increase in the size of any issuance of Indebtedness by the District.

The District anticipates that it will issue, in the fall of 2024, an additional WIFIA Bond in the approximate principal amount of $268 million. For additional information relating to WIFIA Bonds, see "SECURITY AND SOURCES OF PAYMENT – Senior Obligations – *WIFIA Bonds.*"

The District has entered into a Second Amended and Restated Credit Agreement, dated as of June 30, 2022, with Bank of America, N.A., as further amended and supplemented (as so amended and supplemented, the "Credit Agreement"), pursuant to which the bank provided a revolving line of credit in the aggregate principal amount of up to $300,000,000 (the "Line of Credit"). The Line of Credit constitutes a Subordinate Obligation (as hereinafter defined) under the Trust Agreement and is secured on a junior and subordinate basis from the lien on Net Revenues securing Senior Obligations (as hereinafter defined). As of July 23, 2024, the aggregate outstanding principal amount on the Line of Credit is $99,999,700.

[Remainder of page intentionally left blank.]

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Series 2024B Bonds are set out in the table below.

Sources

Principal Amount of Series 2024B Bonds	$240,775,000.00
Plus Original Issue Premium	28,395,996.85
Total Sources of Funds	$269,170,996.85

Uses

Deposit to Construction Fund	$268,087,870.00
Underwriters' Discount	479,905.03
Costs of Issuance	603,221.82
Total Uses of Funds	$269,170,996.85

THE SERIES 2024B BONDS

Description

The Series 2024B Bonds will be dated, bear interest and mature as set forth on the cover and inside cover page of this Official Statement. Interest on the Series 2024B Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The Series 2024B Bonds are issuable as registered bonds without coupons in the denomination of $5,000 or any whole multiple thereof, as provided in the Trust Agreement. Interest will be payable on each January 1 and July 1, commencing January 1, 2025, to the person in whose name such bond is registered as of the applicable Regular Record Date, which is December 15 for interest due on January 1 and June 15 for interest due on July 1.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2024B Bonds. The Series 2024B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Series 2024B Bonds and will be deposited with DTC. Additional information respecting DTC and its book entry system is contained in Appendix F.

The information in this section and in Appendix F concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

DTC may discontinue providing its services as depository with respect to the Series 2024B Bonds at any time by giving reasonable notice to the District. Under such circumstances, if a successor depository is not obtained, certificates for the Series 2024B Bonds are required to be printed and delivered to the beneficial owners of the Series 2024B Bonds.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2024B Bonds will be printed and delivered to the beneficial owners of the Series 2024B Bonds.

Redemption Provisions

Optional Redemption.

The District may, at its option, redeem the Series 2024B Bonds prior to their respective maturities, as a whole or in part, on any date, beginning July 1, 2034, at a redemption price equal to the principal amount thereof, together with interest accrued to the date fixed for redemption.

Selection of Series 2024B Bonds for Redemption.

Series 2024B Bonds may be redeemed only in increments of $5,000 or whole multiples thereof. If less than all the Series 2024B Bonds are called for redemption, the Series 2024B Bonds or portions thereof will be redeemed from the maturities selected by the District. If less than all of the Series 2024B Bonds of a maturity are to be redeemed, the particular Series 2024B Bonds of such maturity are to be selected for redemption as the Trustee in its sole discretion shall determine. If a portion of a Series 2024B Bond is called for redemption, a new Series 2024B Bond in a principal amount equal to the unredeemed portion thereof will be issued to the bondholder upon the surrender thereof.

Mandatory Redemption.

The Series 2024B Bonds due on July 1, 2054 are subject to mandatory sinking fund redemption on July 1 in the following years in the following principal amounts ("Sinking Fund Requirements") at a redemption price equal to the principal amount thereof, together with interest accrued to the date of redemption.

Term Bonds due July 1, 2054

Year	Sinking Fund Requirement
2051	$14,390,000
2052	8,390,000
2053	4,635,000
2054	5,715,000[†]

[†] Unamortized balance at maturity.

In the event of a partial optional redemption or purchase of such term bonds, the District will credit the principal amount of such term bonds so purchased or redeemed against the Sinking Fund Requirements for the remaining term bonds outstanding in such amounts and in such years as it in its sole discretion shall determine.

Notice of Redemption

Notice of redemption is to be given not more than 60 nor less than 30 days before the redemption date by first class mail to the registered owner or owners of the Series 2024B Bonds or portions thereof to be redeemed; provided, however, that any defect in such notice or the failure so to mail any such notice to any owners of any Series 2024B Bonds will not affect the validity of the proceedings for the redemption of any other Series 2024B Bonds. **During the period that DTC or its nominee is the registered holder of the Series 2024B Bonds, the Bond Registrar will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2024B Bonds. See " – Book-Entry Only System" above and Appendix F.** Each such notice will set forth the Series 2024B Bonds or portions thereof to be redeemed, the date fixed for redemption, the redemption price to be paid, and if less than all the Series 2024B Bonds will be called for redemption, the maturities of the Series 2024B Bonds to be redeemed and shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986, including

the requirement that notice be given to all organizations registered with the Securities and Exchange Commission as securities depositories, and to one or more information services of national recognition that disseminate redemption information with respect to tax-exempt securities. If any Series 2024B Bond is to be redeemed in part only, the notice of redemption will state also that on or after the redemption date, upon surrender of such Series 2024B Bond, a new Series 2024B Bond in an authorized denomination and in principal amount equal to the unredeemed portion of such Series 2024B Bond will be issued.

Any notice of optional redemption of the Series 2024B Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price, consisting of par plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit with the Trustee, the corresponding notice of redemption will be deemed to be revoked.

If the District gives an unconditional notice of redemption, then on the redemption date the Series 2024B Bonds called for redemption will become due and payable. If the District gives a conditional notice of redemption and money to pay the redemption price of the affected Series 2024B Bonds has been set aside in escrow with the Trustee for the purpose of paying such Series 2024B Bonds, then on the redemption date such Series 2024B Bonds will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series 2024B Bonds called for redemption, thereafter no interest will accrue on those Series 2024B Bonds, and a Bondholder's right will be to receive payment of the redemption price upon surrender of those Series 2024B Bonds.

SECURITY AND SOURCES OF PAYMENT

THE SERIES 2024B BONDS ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM THE NET REVENUES AND OTHER FUNDS PLEDGED TO SECURE THE SERIES 2024B BONDS UNDER THE TRUST AGREEMENT. THE SERIES 2024B BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, OR A PLEDGE OF THE FAITH AND CREDIT, OF THE COMMONWEALTH OF VIRGINIA OR OF ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF. THE ISSUANCE OF THE SERIES 2024B BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COMMONWEALTH OF VIRGINIA OR ANY COUNTY, CITY, TOWN OR POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR.

General

Principal of and interest on the Series 2024B Bonds will be payable from "Net Revenues" of the District pledged to the payment thereof and money held in certain funds and accounts under the Trust Agreement.

"Net Revenues" means all revenues received by the District from its Wastewater System less Operating Expenses, provided, that Net Revenues does not include any Transition Charge (as defined in the Trust Agreement).

The realization of amounts to be derived upon the enforcement of the Series 2024B Bonds will depend upon the exercise of various remedies specified in the Trust Agreement. These and other remedies may, in many respects, require judicial action of a nature that is often subject to discretion and delay. Under existing laws, the remedies specified in the Trust Agreement may not be readily available or may be limited. A court may decide not to order the specific performance of the covenants contained in the Trust Agreement. The various legal opinions to be delivered concurrently with the delivery of the Series 2024B

Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, fraudulent conveyance, moratorium, reorganization and other laws affecting the enforcement of creditors' rights generally.

Under the Trust Agreement, the District is subject to covenants relating to the existence of liens on Property and maintenance of a specified Long-Term Debt Service Coverage Ratio relating to, among other things, incurrence of Indebtedness. See " – Limitation on Creation of Liens" and " – Limitations on Indebtedness" in Appendix C hereto.

Rate Covenant

In the Trust Agreement, the District covenants to set and revise its rates and charges for facilities, services and products such that the Net Revenues, calculated at the end of each Fiscal Year, will equal at least 120% of the sum of the Principal and Interest Requirements (as defined in the Trust Agreement) on Senior Obligations (the "Rate Covenant"). If, for any reason, the Net Revenues are insufficient to satisfy the foregoing covenant, the District shall within one hundred and twenty (120) days adjust and increase its rates, fees and other charges (to the extent permitted by the Enabling Act) or reduce its current expenses so as to provide sufficient Net Revenues to satisfy the Rate Covenant.

On or before the last day of each Fiscal Year, the District will review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the District's rates, fees and other charges are insufficient to satisfy the Rate Covenant, the District will promptly take appropriate action to increase its rates, fees and other charges or reduce its current expenses to cure any deficiency. See " – Rate Covenant" in Appendix C hereto.

Senior Obligations

Publicly Held Bonds. As of July 23, 2024, the District has outstanding six series of publicly held Bonds constituting Senior Obligations under the Trust Agreement, including its Wastewater Revenue Bonds, Series 2016A (the "Series 2016A Bonds"), of which $80,445,000 principal amount is outstanding, its variable rate Wastewater Revenue Bonds, Series 2016B (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Series 2016 Bonds"), of which $50,000,000 principal amount is outstanding, its Wastewater Revenue Bonds, Refunding Series 2017A (the "Series 2017 Bonds"), of which $72,055,000 principal amount is outstanding, its Wastewater Revenue Bonds, Series 2018A (the "Series 2018 Bonds"), of which $16,010,000 principal amount is outstanding, its Wastewater Revenue Bonds, Refunding Series 2019A (Federally Taxable) (the "Series 2019 Bonds"), of which $192,855,000 principal amount is outstanding, and its Wastewater Revenue Bonds, Refunding Series 2024A (the "Series 2024A Bonds"), of which $115,585,000 principal amount is outstanding.

WIFIA Bonds. The District issued its Wastewater Revenue Bond, Series 2020 (Federally Taxable) (the "2020 WIFIA Bond"), and its Wastewater Revenue Bond, Series 2021 (Federally Taxable) (the "2021 WIFIA Bond"), to the United States Environmental Protection Agency (the "WIFIA Lender") pursuant to the terms of the WIFIA Master Agreement, dated as of September 28, 2020 (the "WIFIA Master Agreement"), and the separate WIFIA Loan Agreements with respect to each such Bond (the "WIFIA Loan Agreements"), each by and between the WIFIA Lender and the District. Proceeds of the 2020 WIFIA Bond will be used to finance the District's SWIFT – Tranche 1 Project, and proceeds of the 2021 WIFIA Bond will be used to finance the District's SWIFT – Tranche 2 Project.

The 2020 WIFIA Bond and the 2021 WIFIA Bond are secured as Senior Obligations under the Trust Agreement and are referred to herein, collectively with any other Senior Obligations issued to the WIFIA Lender under the WIFIA Master Agreement, as "WIFIA Bonds."

The 2020 WIFIA Bond is in the principal amount of up to $225,865,648, bearing interest on the amount drawn under the related WIFIA Loan Agreement. The final maturity date of the 2020 WIFIA Bond is the earlier of (a) April 1, 2060, and (b) the principal payment date thereon immediately preceding the date that is 35 years following the Substantial Completion Date, as defined in the WIFIA Master Agreement. The 2021 WIFIA Bond is in the principal amount of up to $476,581,587, plus interest that may be capitalized in accordance with the related WIFIA Loan Agreement and added to the principal amount of the 2021 WIFIA Bond, subject to a maximum accreted amount of $528,581,587. The final maturity date of the 2021 WIFIA Bond is the earlier of (a) June 1, 2060, and (b) the principal payment date thereon immediately preceding the date that is 35 years following the Substantial Completion Date, as defined in the WIFIA Master Agreement. As of July 23, 2024, (i) the outstanding principal amount of the 2020 WIFIA Bond was $207,468,527, with an undrawn principal amount of $18,397,121, and (ii) the outstanding principal amount of the 2021 WIFIA Bond was $222,058,908, with an undrawn principal amount of $306,522,679, including potentially capitalizable interest.

The District anticipates that it will issue, in the fall of 2024, an additional WIFIA Bond in the approximate principal amount of $268 million.

VRA Revolving Loan Fund Indebtedness. Since 1993 the District has borrowed over $453 million from the Virginia Clean Water Revolving Loan Fund administered by the Virginia Resources Authority and issued, in evidence of its obligations to repay such loans, 25 issues of bonds that are outstanding Senior Indebtedness and recognized as such under the Trust Agreement (the "VRA Obligations" and collectively, with the Series 2016 Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the Series 2019 Bonds, the Series 2024A Bonds, the Series 2024B Bonds, when, as and if issued, the WIFIA Bonds, and other Bonds or additional VRA Obligations issued from time to time under the provisions of the Trust Agreement, the "Senior Obligations"). As of July 23, 2024, the outstanding drawn amount of the VRA Obligations was $367 million, with an undrawn authorized amount of $81 million.

Generally, after an initial period where no interest accrues on such VRA Obligations, interest accrues on the disbursed principal of the outstanding VRA Obligations at interest rates ranging from 1.0% to 2.85% per annum, and principal and interest are payable in installments over the terms of the VRA Obligations. The VRA Obligations have been issued for various improvements and upgrades at several of the District's treatment plants. See the table "DEBT SERVICE REQUIREMENTS FOR SENIOR OBLIGATIONS" and " – Limitation on Creation of Liens" in Appendix C. The Series 2024B Bonds are on parity under the Trust Agreement with the Outstanding VRA Obligations as to their lien on the Net Revenues of the District.

Additional Senior Obligations

Under the Trust Agreement, the District may issue Additional Senior Obligations, including Additional Bonds and VRA Obligations, for the District's Capital Improvement Program or to refund outstanding Senior Obligations subject to the District's demonstrating its compliance with the conditions for the incurrence thereof under the Trust Agreement or qualifying for an exception thereto. The District anticipates that it will finance a portion of its Capital Improvement Program with future issues of Additional Senior Obligations. See " – Limitations on Indebtedness" in Appendix C.

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DEBT SERVICE REQUIREMENTS FOR SENIOR OBLIGATIONS

Fiscal Year Ending June 30	Series 2024B Bonds Principal	Series 2024B Bonds Interest	Total Series 2024B Bond Debt Service	Outstanding Senior Obligations Debt Service[1,2]	Total Senior Obligations Debt Service[3]
2025		$4,782,059	$4,782,059	$77,320,982	$82,103,041
2026		12,038,750	12,038,750	80,108,903	92,147,653
2027		12,038,750	12,038,750	82,452,220	94,490,970
2028		12,038,750	12,038,750	79,098,936	91,137,686
2029		12,038,750	12,038,750	88,768,796	100,807,546
2030		12,038,750	12,038,750	88,587,779	100,626,529
2031		12,038,750	12,038,750	89,127,079	101,165,829
2032		12,038,750	12,038,750	84,350,636	96,389,386
2033		12,038,750	12,038,750	82,509,368	94,548,118
2034		12,038,750	12,038,750	81,549,870	93,588,620
2035		12,038,750	12,038,750	81,108,894	93,147,644
2036		12,038,750	12,038,750	78,191,510	90,230,260
2037		12,038,750	12,038,750	78,239,372	90,278,122
2038		12,038,750	12,038,750	77,989,966	90,028,716
2039		12,038,750	12,038,750	63,196,189	75,234,939
2040	$10,870,000	11,767,000	22,637,000	55,391,948	78,028,948
2041	18,660,000	11,028,750	29,688,750	48,339,473	78,028,223
2042	22,035,000	10,011,375	32,046,375	45,983,255	78,029,630
2043	25,260,000	8,829,000	34,089,000	43,939,448	78,028,448
2044	29,325,000	7,464,375	36,789,375	41,241,252	78,030,627
2045	27,520,000	6,043,250	33,563,250	44,464,485	78,027,735
2046	33,575,000	4,515,875	38,090,875	39,934,801	78,025,676
2047	18,850,000	3,205,250	22,055,250	39,659,159	61,714,409
2048	-	2,734,000	2,734,000	39,394,882	42,128,882
2049	-	2,734,000	2,734,000	39,566,568	42,300,568
2050	21,550,000	2,195,250	23,745,250	45,698,340	69,443,590
2051	-	1,656,500	1,656,500	55,634,839	57,291,339
2052	14,390,000	1,296,750	15,686,750	59,711,745	75,398,495
2053	8,390,000	727,250	9,117,250	63,850,128	72,967,378
2054	4,635,000	401,625	5,036,625	70,670,155	75,706,780
2055	5,715,000	142,875	5,857,875	68,176,900	74,034,775
2056	-	-	-	67,069,639	67,069,639
2057	-	-	-	65,064,844	65,064,844
2058	-	-	-	62,902,299	62,902,299
2059	-	-	-	60,345,207	60,345,207
2060	-	-	-	39,800,925	39,800,925
TOTAL[3]	$240,775,000	$248,077,684	$488,852,684	$2,309,440,791	$2,798,293,475

[1] Total Principal and Interest payments on the District's Senior Obligations as of July 23, 2024, not including debt service on the Series 2024B Bonds. Assumes the District makes the maximum allowable draws on the WIFIA Bonds and the VRA Obligations, including the portions of such loans that are undrawn as of the date of this Official Statement, but does not include debt service on an additional WIFIA Bond in the approximate principal amount of $268 million that the District anticipates issuing in fall 2024. See " – Senior Obligations – *WIFIA Bonds*" and " – *VRA Revolving Loan Fund Indebtedness*" above.

[2] The Series 2016B Bonds, which constitute Variable Rate Indebtedness, are assumed to bear interest at the rate of 3.84% per annum, which is 120% of the average rate on the Series 2016B Bonds during the first quarter of 2024. No assurance can be given, however, that the rates on the Series 2016B Bonds will not be higher than assumed above.

[3] Numbers may not add to totals due to rounding. Debt service is shown in the fiscal year in which the same comes due.

HAMPTON ROADS SANITATION DISTRICT

Authorization and Purpose

Creation of the District was approved in a 1940 public referendum authorized by the Virginia General Assembly. A political subdivision of the Commonwealth of Virginia (the "Commonwealth"), the District was established as a governmental instrumentality to provide for the public health and welfare. Chapter 66, Acts of the Assembly of 1960, validated and confirmed prior legislation creating the District and repealed earlier acts of the Virginia General Assembly enacted with respect to the District.

The District was created for the specific purpose of abating pollution in the Hampton Roads area of Virginia through the interception of existing wastewater outfalls, the construction of wastewater treatment facilities and the installation of interceptors throughout the service area. The District does not provide water, solid waste disposal or storm water mitigation. The cities, counties and military establishments the District serves provide those services. With the exception of the Counties of Accomack, King William, King and Queen, Middlesex, Mathews, Northampton, and Surry, excluding the Town of Claremont, the collection system, consisting of lateral sewers and sub trunk facilities that carry wastewater from industries, homes, apartments and businesses to the District's interceptor system, are the responsibility of the various cities, counties and military establishments within the District.

The District is a separate legal entity from the various cities, towns, counties and military establishments within the District. See " – The Commission" below.

History

The District traces its origins to 1925, when the Virginia Department of Health condemned a large oyster producing area in Hampton Roads. The closure resulted in the Virginia General Assembly creating in 1927 a "Commission to Investigate and Survey the Seafood Industry of Virginia." Subsequent studies recommended a public body to construct and operate a sewage system in the area.

In 1934, the Virginia General Assembly created the Hampton Roads Sanitation Disposal Commission with instructions to plan the elimination of pollution in Hampton Roads. Recommendations were made to the General Assembly which resulted in the Sanitary Districts Law of 1938, along with "An Act to provide for and create the Hampton Roads Sanitation District." In a referendum held on November 5, 1940, a majority of the voters approved the creation of the District.

The District's first construction project, the Warwick County Trunk Sewer, began on June 26, 1946. The District commenced operations on July 1, 1946, using facilities acquired from the United States Government. The District's first treatment plant, the Army Base Plant, commenced operations on October 14, 1947. Since that time, the facilities of the District have been expanded to provide wastewater treatment service to all major population centers within its boundaries.

The Commission

The District operates under the direction of its governing body, the Hampton Roads Sanitation District Commission (the "Commission"), comprised of eight members appointed by the Governor for staggered terms of four years. Members of the Commission may be reappointed without limitation and may be suspended or removed by the Governor at his pleasure. The Commission annually elects one of its members as Chair and another as Vice Chair. Under the Enabling Act, the eight members of the Commission must be residents of the cities and counties of the District as follows: one member from the City of Norfolk; one from the City of Virginia Beach; one from the City of Newport News, the City of

Williamsburg or James City County; one from the City of Hampton or the City of Poquoson or York County; one from the City of Chesapeake; one from the City of Suffolk, Isle of Wight County or Surry County; one from Accomack County, Northampton County, Gloucester County, King William County, Mathews County, Middlesex County, or King and Queen County; and one from the City of Portsmouth.

The Commission is empowered, among other things, to (1) construct and improve, extend, enlarge, reconstruct, maintain, equip, repair and operate a wastewater system or systems, either within or without or partly within and partly without the corporate limits of the District, and to construct wastewater improvements within the corporate limits of the District, (2) issue the District's bonds, payable solely from revenues, to pay all or part of the cost of a wastewater system, (3) fix, revise, charge and collect rates, fees and charges for the use of and for the services of any system operated by the District, (4) enter into contracts with any unit, including counties, cities and other authorities, relating to the furnishing of services of the District, and (5) acquire real or personal property necessary in connection with wastewater systems or wastewater improvements.

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The current members of the Commission and their biographies are set forth below.

Commissioners	Residence	Occupation	Term Expires June 7,
Stephen C. Rodriguez, *Chair*	Chesapeake	Inspector, VDOT Construction Division	2028
Willie Levenston, Jr., *Vice Chair*	Portsmouth	Retired Supervisor Electronics Engineer, Norfolk Naval Shipyard	2027
Frederick N. Elofson, CPA,	Newport News	Retired Certified Public Accountant and Personal Financial Specialist, Dixon Hughes Goodman LLP	2026
Michael E. Glenn	Norfolk	President, Luna Development Services, LLC	2027
Vishnu K. Lakdawala, Ph.D.	Virginia Beach	Associate Professor, Electrical and Computer Engineering, Old Dominion University	2026
Nancy J. Stern	Belle Haven	Retired Chief Executive Officer, Eastern Shore Rural Health System	2025
Elizabeth A. Taraski, Ph.D.	Suffolk	Retired President/CEO, Nansemond River Preservation Alliance	2025
Ann W. Templeman	Hampton	Senior Business Support Analyst, Virginia Natural Gas	2028

Stephen C. Rodriguez, *Chair*. Mr. Rodriguez, a member of the Commission since October 5, 2012, is the retired owner and president of Cruco Inc., which provided construction services in Hampton Roads. He currently works in the Construction Division for the Virginia Department of Transportation (VDOT). Mr. Rodriguez previously served as chair of the Foundation for Virginia Natural Resources, chair of the OBX Hospital Board, and past president of the Deep Creek Ruritan Club. He has also served on the Chesapeake School Board, the Chesapeake Hospital Authority, the Chesapeake Economic Development Authority, and the board of directors of Opportunity, Inc. He is an alumnus of Old Dominion University and holds a bachelor's degree in civil engineering technology and a certificate in civic leadership. Mr. Rodriguez resides in the City of Chesapeake.

Willie Levenston, Jr., *Vice Chair*. Mr. Levenston, a member of the Commission since September 9, 2014, earned his Bachelor of Science in Engineering from Southern University in Baton Rouge, Louisiana. He retired from the Norfolk Naval Shipyard in 2008 after more than 40 years of service. In his capacity as Supervisor Electronics Engineer, Mr. Levenston was responsible for Surface Ship Exterior

Radio Communications, Secure/Communication Information Processing, Naval Tactical Data Systems, Search Radar, Electronics Countermeasure/Navigational Aids, and the Submarine Communication sections. Mr. Levenston resides in the City of Portsmouth.

Frederick N. Elofson, CPA, *Commissioner*. Mr. Elofson, a member of the Commission since July 1, 2006, is a Certified Public Accountant and retired senior partner in Dixon Hughes Goodman LLP, in Newport News. He earned a bachelor's degree in accounting from West Virginia University and has nearly 40 years of accounting experience. A former chair of the board and treasurer of the Peninsula Chamber of Commerce, Mr. Elofson remains active in numerous professional and civic organizations. He is a past treasurer and board member of the Schooner Virginia Project, a past president of the Peninsula Estate Planning Council, treasurer and Sunday School teacher at First Baptist Church Newport News, member of the Committee on Investments for the City of Newport News Retirement Fund and has been honored as a Chamber of Commerce Volunteer of the Year. Mr. Elofson resides in the City of Newport News.

Michael E. Glenn, *Commissioner*. Mr. Glenn, a member of the Commission since May 13, 2008, is president of Luna Development Services, LLC. The firm, which offers full-service general contracting and real estate development services, is a Certified Virginia Minority Business Enterprise. Before founding his firm in 2004, Mr. Glenn was Director of Operations, Real Estate Services and Contracts for Troutman Sanders, LLP. He also has served as a development executive for Armada Hoffler Development and as a Wachovia Bank vice president. Mr. Glenn received a bachelor's degree in psychology, with a minor in biology, from Old Dominion University. Mr. Glenn resides in the City of Norfolk.

Vishnu K. Lakdawala, Ph.D., *Commissioner*. Dr. Lakdawala, a member of the Commission since June 8, 2002, obtained his undergraduate degree in electrical engineering from Bangalore University in India in 1972 and his Master of Engineering in High Voltage Engineering from Indian Institute of Science in 1974. He worked as Research and Development Engineer in Jyoti Limited for three years in the high voltage instrument transformers division. He received his Ph.D. in electrical engineering from the University of Liverpool in 1980. After serving as senior research associate in the Department of Electrical Engineering and Electronics in the University of Liverpool for a year, he joined Oak Ridge National Laboratory, Oak Ridge, Tennessee, where he conducted research for a year. He joined the faculty of Old Dominion University in 1983 as Assistant Professor in the Department of Electrical and Computer Engineering. He is currently the Chief Departmental Advisor and Associate Professor of Electrical and Computer Engineering. Dr. Lakdawala has served as the president and chairman of the Board of Trustees of the Hindu Temple of Hampton Roads. Dr. Lakdawala received the National Association of Clean Water Agencies ("NACWA") 2019 National Environmental Achievement Award for Local Public Service, honoring his transformative leadership, technical understanding, focus on community engagement, and deep commitment to the environment as an HRSD Commissioner. Dr. Lakdawala resides in the City of Virginia Beach.

Nancy J. Stern, *Commissioner*. Ms. Stern, a member of the Commission since August 6, 2021, served the Eastern Shore Rural Health System, Inc. for over 30 years in various positions, recently retiring as Chief Executive Officer. Her prior roles there include Chief Operating Officer, Director of Human Resources and Director of Health Education. She served on Governor Bob McDonnell's Task Force and ConnectVA Governing Board, and on Governor Tim Kaine's Health Reform Commission. Ms. Stern also served on the board of the Virginia Primary Care/Virginia Community Healthcare Association for 18 years with three of those years as Board President. She earned a Bachelor of Science from West Chester University and earned Certification in Health Care Management/Administration from Old Dominion University. Ms. Stern resides in Belle Haven, Virginia.

Elizabeth A. Taraski, Ph.D., *Commissioner*. Dr. Taraski, a member of the Commission since June 8, 2017, Dr. Taraski retired in 2023 after serving 12 years as President/CEO of the Nansemond River

Preservation Alliance in Suffolk, Virginia. Previously she served in senior fundraising management positions at Old Dominion University and the University of Richmond. Before moving to Virginia in 1998, Dr. Taraski was Director, Administration and Industrial Relations, Multi-lifecycle Engineering Research Center, New Jersey Institute of Technology. Dr. Taraski currently serves as the Community Chair, Former Nansemond Ordnance Depot (FNOD), Restoration Advisory Board. Dr. Taraski has been a member of the Suffolk Rotary since 2016 and served as the Club's President in 2023. Other community activities include the Southeastern Virginia Community Foundation Scholarship Committee and Suffolk Business Women's Club. Dr. Taraski holds a Ph.D. from Seton Hall University; a Master of Science degree from New York University and a Master of Education degree from Rutgers University and completed her doctoral internship at the Alfred P. Sloan Foundation, NYC. Dr. Taraski resides in the City of Suffolk.

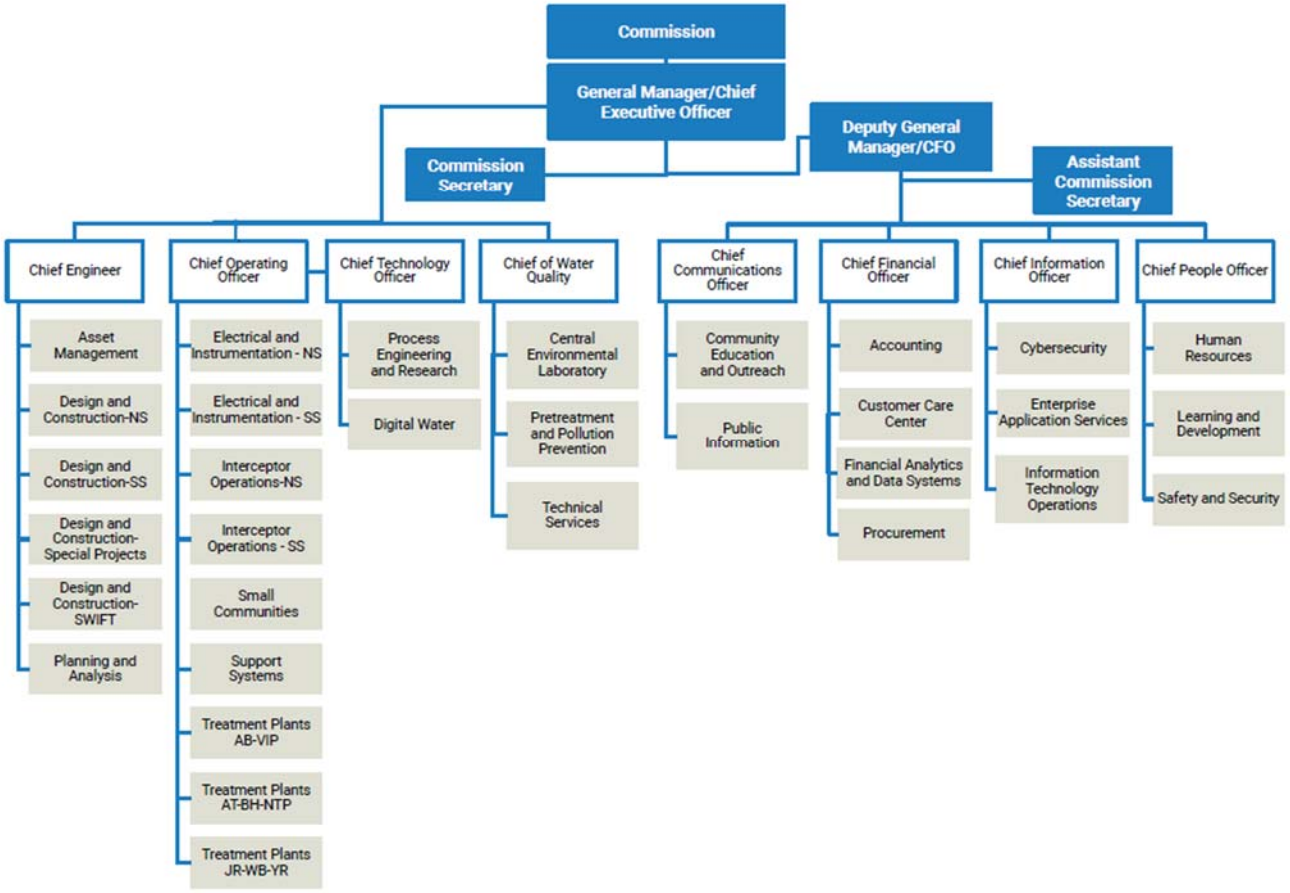
Ann W. Templeman, *Commissioner*. Ms. Templeman, a member of the Commission since December 3, 2021, is a Senior Business Support Analyst for Virginia Natural Gas with more than 30 years of experience in a variety of areas critical to effective utility management. She earned a Masters of Business Administration from Old Dominion University and a Bachelor of Science in Business Management from Virginia Tech. Ms. Templeman previously served on the HRSD Commission from January 27, 2017, until May 1, 2019. Ms. Templeman resides in the City of Hampton.

Management and Staff

The District is managed through eight divisions, which are organized into functional departments with their principal responsibilities summarized after the District's organizational chart set out on the following page.

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HRSD Organizational Chart



Communication

- Community Relations: Develops and provides community outreach and engagement around HRSD construction, infrastructure development and new initiatives.
- Community Education: Develops and provides educational materials, presentations, facility tours and outreach related to HRSD's services, mission and vision.

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Engineering

- Design & Construction: Delivers capital projects in a manner consistent with HRSD's quality standards.
- Planning & Analysis: Manages numerous diverse functions including Hydraulic Modeling, Geographic Information System (GIS), Data Analysis and Records Management System and plans the capital infrastructure required to meet the region's future wastewater needs.
- Asset Management: Responsible for the Computerized Maintenance Management System (CMMS), Condition Assessment, and Emergency Management procedures to extend the life of assets at the lowest life cycle cost.

Finance

- Accounting: Handles fiscal affairs such as preparing financial statements, budgets, management reports and payroll.
- Procurement: Responsible for purchasing, renting, leasing or otherwise acquiring goods, professional and non-professional services, and certain construction services, managing supplier relationships and disposing of surplus property.
- Customer Care Center: Handles billing, payments, collections, maintenance of customer accounts and liaison with HRSD's customers.
- Capital Finance: Responsible for planning and financing the Capital Improvement Program (CIP), debt management and grants compliance and is the functional lead for the Enterprise Resource Process system.

Information Technology

- Enterprise Data Services: Responsible for application integration and support, data management and systems analysis and support.
- Cybersecurity: Responsible for ensuring the confidentiality, integrity and availability of all HRSD infrastructure, information systems and business data from malicious threats.
- Information Technology Operations: Supports departments in achieving their goals and objectives, providing the requisite hardware, software, storage and network connectivity to meet business and operational requirements.

Operations

- Electrical and Energy Management: Researches innovative, cost-effective ways of managing HRSD's energy consumption more effectively.
- Interceptor Operations North Shore: Operates and maintains miles of interceptor pipelines and pump stations ensuring wastewater is conveyed to each treatment plant in the Cities of Hampton, Newport News, Poquoson and Williamsburg, the Counties of Gloucester, James City and York.
- Interceptor Operations South Shore: Operates and maintains miles of interceptor pipelines and pump stations ensuring wastewater is conveyed to each treatment plant in the Cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach and the County of Isle of Wight.
- Small Communities: Operates and maintains the treatment plants and associated sewer collection systems in the Counties of the Middle Peninsula and the Town of West Point, the County of Surry, and Towns of Nassawadox and Onancock on the Eastern Shore.
- Support Systems: Responsible for the maintenance of the HRSD fleet, all buildings, operation of two carpentry shops, a full-service machine shop and managing an infrastructure assessment team.
- Treatment: Operates and maintains the Army Base, Atlantic, Virginia Initiative, Boat Harbor, James River, Nansemond, Williamsburg and York River treatment plants.
- Technology: Researches new technologies with a focus on rapid deployment of innovative solutions and water quality.

Talent Management

- Human Resources (HR): Responsible for recruitment and outreach, new employee onboarding, benefits administration, compensation and classification, employee relations, HRSD's wellness program, workers' compensation, employee records, retirement, and HR policies.
- Organizational Development and Training: Oversees HRSD's Apprenticeship Program and is dedicated to developing and supporting HRSD's strategic plan and key initiatives to promote training, and education.
- Safety and Security: Responsible for Occupational Safety & Health Compliance, safety programs, employee safety training, safety records, industrial hygiene monitoring, occupational health screening, safety audits, accident investigations, compliance reporting, and risk management support.

Water Quality

- Central Environmental Laboratory: Uses the Environmental Data Management System (EDMS) and other tools to provide analytical support for numerous monitoring, research and regulatory purposes.
- Pretreatment & Pollution Prevention: Monitors wastewater conveyed to treatment plants using the Pretreatment Information Management System (PIMS) and other tools, and implements its Industrial Wastewater Discharge Regulations to protect treatment plant staff, facilities and processes.
- Technical Services: Responsible for activities including environmental monitoring, specialized sampling, treatment process and research studies, the Municipal Assistance Program (MAP) to assist localities, as well as all reporting required by HRSD permits.

The District's administration is overseen by a General Manager/Chief Executive Officer, supported by eight chiefs and their staffs. For Fiscal Year 2025, the District has budgeted for 948 full-time employees. Current staffing is sufficient to operate all existing facilities. None of its employees is currently represented by a union.

The following individuals are responsible for the daily management and affairs of the District (with titles changed, where appropriate, to conform to the District's current organizational chart, which became effective on July 1, 2024):

Jay A. Bernas, P.E., MBA, *General Manager and Chief Executive Officer*

Jay Bernas was promoted to General Manager and Chief Executive Officer in February 2022. Before his promotion to General Manager and Chief Executive Officer, Mr. Bernas served as Chief Financial Officer for six years, Director of Planning and Analysis for 10 years, and was responsible for

planning HRSD's Capital Improvement Program, performing business case analyses, system capacity analyses to support regional growth and managing four technical sections: Geographic Information Systems, Data Analysis, Hydraulic Modeling and Capital Planning. Prior to joining HRSD, he was a project manager with the City of Virginia Beach. Mr. Bernas graduated from Old Dominion University in 1995 with a bachelor's degree in Civil Engineering and earned his MBA from the College of William and Mary in 2013. He also has completed the Kenan-Flagler Water and Wastewater Leadership Program and was part of the 2008 class for LEAD Hampton Roads. He received the George Robert House, Jr. Award for the young public administrator of the year from the American Society for the Public Administration in 2006 and was recognized by Inside Business as a "Top Forty under 40" in 2011. Appointed by the Virginia Beach City Council to serve on the Planning Commission from 2006-2013, Mr. Bernas was its chair for the last two years of his tenure. He was elected to the Board of Trustees for the $1.4 billion Virginia Investment Pool in 2018 and serves on the audit subcommittee. He was elected in 2020 to NACWA, a national leader in clean water advocacy, and serves on NACWA's audit committee.

Steven G. de Mik, CPA, MBA, *Deputy General Manager and Chief Financial Officer*

Steve de Mik, who joined HRSD in 2008, was promoted to Deputy General Manager and Chief Financial Officer in July, 2022. Mr. de Mik provides broad oversight and strategic direction to various divisions, specifically Finance, Information Technology, Talent Management and Communications. He previously served as Chief Operating Officer from 2015 to 2022. In that role, he led a staff of over 500 responsible for the complex operation and maintenance of HRSD's treatment plants, interceptor systems, and electrical and instrumentation infrastructure as well as various support services. His initial role at HRSD was Chief Financial Officer, where he was responsible for HRSD's general financial and business functions, including financial reporting, investment portfolio, debt and risk management, and customer billing. Before joining HRSD, Mr. de Mik served for seven years as the Director of Finance and Business Services for the City of Norfolk. A certified public accountant, he holds an MBA from the College of William and Mary and has completed the Kenan-Flagler Water and Wastewater Leadership Program, the Virginia Natural Resources Leadership Program and CIVIC Leadership Institute. He received a bachelor's degree in accounting and business administration from Southwest Baptist University in Bolivar, Missouri. Mr. de Mik also serves as a board chair and treasurer for Heart for Orphans, a nonprofit organization based in the City of Williamsburg, Virginia.

Eddie M. Abisaab, PE, PMP, ENV SP, *Chief Operating Officer*

Eddie Abisaab joined HRSD in 2008 and was named Chief Operating Officer in July 2022. In that role, he leads a staff of over 530 who are responsible for the complex operation and maintenance of HRSD's 18 treatment plants, interceptor collection systems, water technology and research, and electrical and instrumentation infrastructure as well as various support services such as fleet management, infrastructure assessment, carpentry, and a machine shop. In his previous position as the Director of Design and Construction on North Shore, Mr. Abisaab was responsible for the execution of HRSD's Capital Improvement and Operational Infrastructure projects. Prior to joining HRSD, he worked as an engineer and project manager for both the private and public sectors. Mr. Abisaab holds a Bachelor of Science in Civil Engineering from West Virginia University, and a Master of Science in Engineering Management from Marshall University. He is a licensed Professional Engineer (PE), Project Management Professional (PMP), and certified by the Institute for Sustainable Infrastructure (ISI) as an Envision Sustainability Professional (ENV SP). Mr. Abisaab is actively involved with the Water Environment Federation ("WEF") and served for four years on the Board of Directors of the Virginia Water Environment Association (VWEA) and as President in 2016-2017. He is also currently serving as VWEA's Treasurer.

Charles B. Bott, Ph.D., P.E., *Chief Technology Officer*

Dr. Charles B. Bott joined HRSD in 2009 and is the Chief Technology Officer. He manages technology innovation and research and development for HRSD's wastewater treatment plants and interceptor system. Dr. Bott is also an Adjunct Professor in the Departments of Civil and Environmental Engineering at Virginia Polytechnic Institute and State University ("Virginia Tech") and Old Dominion University. He was formerly an Associate Professor in the Department of Civil and Environmental Engineering at the Virginia Military Institute and a consulting engineer with Parsons Engineering Science. Dr. Bott has a bachelor's degree in Civil Engineering from the Virginia Military Institute, a master's degree in Environmental Engineering from the Johns Hopkins University, and a Ph.D. in Civil and Environmental Engineering from Virginia Tech. He is a fellow of the WEF and a member of the Science and Technology Advisory Committee to the Chesapeake Bay Program Executive Council, and a member of the National Science Foundation Engineering Directorate Advisory Committee. Dr. Bott is a professional engineer in Virginia, a board certified Environmental Engineer, and a licensed Wastewater Treatment Plant Operator – Virginia Class I. He is a two-time winner of the WEF Harrison Prescott Eddy Medal for outstanding contribution to wastewater principles/processes research, he was a previous member of the WEF Board of Trustees. Dr. Bott's technical interests include municipal and industrial wastewater treatment, process engineering as well as renewable energy generation and resource efficiency. He has specific expertise in the areas of advanced water treatment technologies, chemical and biological phosphorus removal, nitrification/denitrification, nutrient recovery, deammonification/anammox, biological treatment process modeling and design, and biogas conditioning. Important areas of focus are mainstream shortcut nitrogen removal, processes for biological treatment intensification, and technologies for potable reuse.

Donald C. Corrado, *Chief Information Officer*

Prior to his appointment as Chief Information Officer in 2008, Don Corrado served as HRSD's Director of Information Technology for nine years. In that capacity, he was responsible for the creation of HRSD's first information technology division and the design and implementation of a scalable, standards-based wide area network supporting the various enterprise-class applications required to meet HRSD's business and operational technology needs. Mr. Corrado's career includes public and private sector experience as an IT manager, enterprise solutions architect, project manager, information systems security officer, senior systems engineer and contract specialist. He earned a bachelor's degree from Old Dominion University and is a Master Certified NetWare Engineer, Microsoft Certified Systems Engineer and is ITIL and GIAC Certified. He is a member of the Gartner Executive Panel, American Water Works Association (AWWA) and WEF and has completed the Kenan-Flagler Water and Wastewater Leadership Program.

Jamie Heisig-Mitchell, *Chief of Water Quality*

Jamie Heisig-Mitchell became Director of Water Quality in November of 2022, overseeing the Central Environmental Laboratory (CEL), Pretreatment and Pollution Prevention (P3), and the Technical Service Division (TSD). In her previous position as Director of TSD, she managed staff involvement in environmental and wastewater monitoring and research as well as assuming responsibility for HRSD's permit negotiations and oversight of regulatory compliance with Clean Water Act, Clean Air Act, and Safe Drinking Water Act programs. Ms. Heisig-Mitchell serves on the board of the Virginia Association of Municipal Wastewater Agencies (VAMWA) and the University of Colorado Boulder's Water Reuse Advisory Board, is Chair of VAMWA's Water Quality Committee, Co-Chair of the NACWA Biosolids Committee, Past-President of the Virginia Biosolids Council, member of the Eastern Virginia Medical School's Institutional Biosafety Committee, and has served on numerous Virginia Department of Environmental Quality Advisory Panels and Subcommittees. Ms. Heisig-Mitchell received her Master of Science from Old Dominion University in Norfolk, Virginia.

Bruce W. Husselbee, Ph.D., P.E., BCEF, DBIA, *Chief Engineer*

Bruce Husselbee became Chief Engineer in July 2005. Before his promotion to this senior leadership position, he was a Project Manager in the HRSD Design and Construction Department for nine years. Mr. Husselbee previously worked in the consulting engineering field for 12 years prior to joining HRSD. He holds a bachelor's degree in Civil Engineering, a master's degree in Environmental Engineering from George Washington University and a Ph.D. in Coastal Engineering form Old Dominion University. He also has completed the Kenan-Flagler Water and Wastewater Leadership Program. He is active in a number of professional organizations including the Old Dominion University Civil and Environmental Engineering Visiting Council, the Design-Build Institute of America and the WEF Utility Management Committee. He is a member of the Board of Directors of the Design Build Institute of America.

Dorissa T. Pitts-Paige, *Chief People Officer*

Dorissa Pitts-Paige joined HRSD in November of 2006 as a Human Resources Business Partner. She was promoted to Chief People Officer in December 2021. Ms. Pitts-Paige has worked in public sector human resources for over 20 years as a strategic business partner in the areas of organizational development and training, employee relations, recruitment, benefits, and as a champion for diversity, equity, and inclusion. Ms. Pitts-Paige holds a Bachelor's Degree in Broadcast Journalism from Hampton University, a Master's Degree in Human Resources Management from Troy University and a Master of Law degree from Regent University. She is a certified Professional in Human Resources (PHR) by the Human Resources Certification Institute (HRCI), Senior Certified Professional (SCP) by the International Public Management Association for Human Resources (IPMA-HR), and a Senior Certified Professional (SHRM-SCP) by the Society for Human Resources Management (SHRM). She served as the Director of Workforce Development for the Hampton Roads Society for Human Resources Management (HRSHRM) from 2019-2021. She currently serves as the Vice Co-Chair of the Virginia Water Environment Association (VWEA) Diversity, Equity, and Inclusion Council. She is a member of Alpha Kappa Alpha Sorority Incorporated.

Leila E. Rice, APR, Chief Communications Officer

Leila Rice, who joined HRSD in March 2017, directs and guides overall strategic communication initiatives, internal and external communications, media relations, crisis communications, branding, social media, and community relations and community education programs. She previously served as Public Affairs Manager for Elizabeth River Crossings, where she managed internal and external communications, media relations and community outreach for the Elizabeth River Tunnels Project. Her experience also includes serving as Community and Media Relations Manager for Norfolk-based non-profit agency ForKids, Inc., and more than 20 years of radio and television media experience. Ms. Rice holds a Bachelor of Arts in Communication Arts from James Madison University and received her Accreditation in Public Relations in 2017. She is a member and former officer of the Public Relations Society of America, Hampton Roads Chapter, and also a member of WEF. She serves on the NACWA Communications and Public Affairs Committee and on the Board of Directors for the Foodbank of Southeastern Virginia and the Eastern Shore.

Awards

HRSD has received numerous awards for excellence in plant operations and maintenance, environmental engineering and design, public education, and financial reporting. To date, its treatment plants have earned 399 awards for outstanding compliance with National Pollutant Discharge Elimination System ("NPDES") permits since 1986, when the recognition program was established.

Awards and honors received include the 2023 Governor's Environmental Excellence Gold Award for collaboration with DC Water on development of Next Generation Mainstream Nitrogen Removal Technology through Partial Denitrification-Anammox (PdNA); the 2022 WEF Project Excellence Award for the Providence Road Offline Storage Facility Woodstock Park Improvements Project, as well as the Design-Build Institute of America (DBIA) Design-Build Merit Award and Design-Build Award of Excellence in the Water/Wastewater sector for the same project. HRSD also earned the NACWA National Environmental Achievement Awards in the categories of Research and Technology, Public Information and Education and Workforce Development in 2022, and Public Information and Education again in 2023, and the 2023 Grand and Pinnacle awards from the American Council of Engineering Companies (ACEC) of Virginia for the Chesapeake-Elizabeth Interceptor Diversion Improvements Project. The HRSD Finance Department also earned the George F. Ames PISCES award in the Innovative Finance category from the Environmental Protection Agency (EPA).

HRSD employees and leaders honored and recognized for their work and service include Dr. Charles Bott, awarded the Frederick George Pohland Medal; Commissioner Vishnu Lakdawala, receiving the NACWA 2019 Public Service Award, and Dr. Jim Pletl, receiving the NACWA Distinguished Service Award before his retirement from HRSD.

THE SERVICE AREA

The District provides service to approximately 5,000 square miles of land area within the boundaries of its service area. The geographical limits are shown on the map behind the inside front cover and include the following localities:

City of Chesapeake
City of Hampton
City of Newport News
City of Norfolk
City of Poquoson
City of Portsmouth
City of Suffolk
City of Virginia Beach
City of Williamsburg
Accomack County
Gloucester County
Isle of Wight County
James City County
King and Queen County
King William County
Mathews County
Middlesex County
Northampton County
Surry County (excluding Town of Claremont)
York County

The District and the Commission are independent of the localities served by the District. See "HAMPTON ROADS SANITATION DISTRICT – Authorization and Purpose" and " – The Commission."

The District's Enabling Act includes provisions for adding territory to the District. From time to time, adjacent Counties have requested to have their jurisdictional area added to the territory within the District. In 2020, for example, the Counties of Northampton and Accomack on Virginia's Eastern Shore were added to the District.

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Population Growth

The area within the District has experienced substantial urban and suburban development and consequent population growth. The historical population within the District is presented below. Presently, the District contains more than 20% of the population of the Commonwealth of Virginia.

Historical Population Growth in the District

Year	Population[(1)]	Population Increase (%)[(2)]
1960	660,338	-
1970	973,247	47
1980	1,085,332	12
1990	1,431,000	32
2000	1,551,000	8
2010	1,674,917	8
2020	1,813,000	8
2023	1,817,000	0

(1) Sources: 1960-2020, United States Bureau of the Census; 2023, Weldon Cooper Center.

(2) Increase in population includes both increases in population within the District's original service area, as well as the expansion of the District's service area.

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The District's top ten ratepayers represented 7.6% of the District's total rate base, as measured by wastewater treatment charges, in Fiscal Year 2023. The following table compares the top ten ratepayers in Fiscal Year 2023 with the top ten ratepayers in Fiscal Year 2014.

Wastewater Treatment Charges
Ten Largest Customers

Customer	Type	Fiscal Year 2023 Amount[1]	Fiscal Year 2023 % of Total	Fiscal Year 2014 Amount[1]	Fiscal Year 2014 % of Total
U.S. Navy - Norfolk Naval Base	Military Facility	$6,711	1.80%	$4,026	1.90%
Anheuser - Busch, Inc.	Brewery	4,015	1.00	4,457	2.10
Huntington Ingalls Industries[2]	Shipbuilding	2,891	0.80	1,661	0.80
U.S. Air Force-Langley Air Force Base	Military Facility	2,492	0.70	-	-
Norfolk Naval Shipyard	Military Ship Repair	2,449	0.60	1,249	0.60
Norfolk Redevelopment & Housing Authority	Housing Authority	2,361	0.60	1,479	0.70
City of Norfolk	Municipality	2,183	0.60	1,686	0.80
Joint Expeditionary Base Little Creek – Fort Story[3]	Military Facility	2,031	0.50	1,384	0.70
Oceana Naval Air Station / Dam Neck	Military Facility	1,812	0.50	-	-
City of Virginia Beach	Municipality	1,777	0.50	-	-
Smithfield Foods	Meat Processor	-	-	3,327	1.60
U.S. Army - Fort Eustis	Military Facility	-	-	1,076	0.50
Sentara Healthcare	Healthcare	-	-	1,019	0.50
Totals[4]		**$28,722**	**7.60%**	**$21,364**	**10.20%**

(1) Dollar amounts in thousands.
(2) Formerly Northrop Grumman Newport News/Newport News Shipbuilding and Dry Dock Co.
(3) Formerly U.S. Navy – Little Creek Amphibious Base.
(4) Totals may not add due to rounding.

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Wastewater Flow

During the past five years, the number of service connections has grown by 2.1%. Billed water consumption has declined by approximately 1.0% during such period because of conservation efforts on the part of utility customers fostered by increasing water and sewer rates, improved construction materials and the installation of low flow plumbing fixtures.

Wastewater Flows and Service Connections

Fiscal Year Ended June 30	Average Daily Wastewater Flow[(1)]	Total Billed Wastewater Flow[(1,2)]	Service Connections
2019	152.6	110	476,000
2020	140.9	110	478,000
2021	154.4	111	481,000
2022	132.3	111	484,000
2023	135.1	109	486,000

(1) Millions of Gallons per Day (MGD).
(2) Water meters are read for billing purposes by the participating jurisdictions.

Expansion of Service Area

In most instances, the routine expansion of the service area results from the extension of the interceptor system performed at the request of a local government when growth or flow warrants. However, these interceptor lines will generally not be constructed based on speculation that future service areas will develop as planned unless the local jurisdiction(s) provides financial assistance.

Environmental Risks

The Hampton Roads region, in which the District operates, is vulnerable to the impacts of flooding, which are projected to increase in severity. The combination of land subsidence and rising ocean levels increase the risk of higher tides and higher storm surges. Additionally, heavy rainfall events are projected to increase in intensity and frequency, which may result in localized flooding as streams overtop their banks and stress existing stormwater systems. See "THE SYSTEM – Environmental Priorities and Efforts" herein.

THE SYSTEM

The Wastewater System consists of eight major treatment plants (225 million gallons per day (MGD) capacity), six smaller plants (aggregating 1.61 MGD capacity) and its combined interceptor systems consisting of 136 pump and pressure reducing stations and approximately 561 miles of interceptors and collection sewer ranging in diameter from 6 to 66 inches. The interceptors, which are gravity and force mains, convey wastewater from the point of delivery by municipalities, industry and other users of the Wastewater System to the District's treatment plants.

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The following table identifies the location of the District's major treatment plants, their design capacities and, for the Fiscal Year ended June 30, 2023, their average daily flows.

Treatment System Capacity & Flows
(Millions of Gallons per Day)

Major Treatment Facilities	Average Design Capacity	FY 2023 Annual Average Daily Flow
Army Base [Norfolk]	18.0	8.4
Atlantic [Virginia Beach]	54.0	42.8
Boat Harbor [Newport News]	25.0	10.7
James River [Newport News]	20.0	12.1
Nansemond [Suffolk]	30.0	15.3
Virginia Initiative [Norfolk]	40.0	24.7
Williamsburg [James City County]	22.5	8.7
York River [York County]	15.0	11.6
TOTALS	224.5	134.3

In addition to the major facilities described above, the District operates six additional small wastewater treatment plants: two in Middlesex County with a combined capacity of 0.125 MGD, one in the Town of West Point (King William County) with a capacity of 0.60 MGD, one in King William County with a capacity of 0.10 MGD, one in the Town of Onancock (Accomack County) with a capacity of 0.75 MGD, and one in the Town of Chincoteague (Accomack County) with a capacity of 0.038 MGD. The interceptor system for these localities includes 46 pumping stations. HRSD is responsible for the collection, conveyance and treatment of wastewater, in the Counties of King William, King and Queen, Middlesex, Mathews, and portions of Northampton and Accomack Counties.

System Improvements and Innovations

HRSD completed significant renewals and improvements to its treatment plants, pump stations, interceptor sewers, operational and administrative facilities in recent years. Electrical equipment upgrades throughout all HRSD facilities were made to replace aging system components as well as meet new arc flash safety requirements. The on-going infrastructure renewal program has replaced a number of major interceptor pipelines and pump stations in the southern portion of the District's service area. Improvements included several projects associated with taking the Chesapeake-Elizabeth Treatment Plant (CETP) offline, the Virginia Beach Boulevard Force Main Phase VI project, the Elbow Road Pressure Reducing Station project, and upgrades to six existing power reducing stations throughout the South Shore system. Also instrumental to the closure of CETP was the construction of a five-million-gallon wet weather storage facility and pump station attached to a City of Virginia Beach skate park facility. In Norfolk, HRSD acquired the Robin Hood Road pump station to improve system functionality associated with the existing Chesapeake Boulevard pump station. In the Peninsula portion of the service area, major interceptor pipelines and pump station improvements were executed, including the completion of the West Avenue and 35th Street force main in Newport News, the Bloxom's Corner force main in Hampton, the Smithfield Interim Pressure reducing station in Isle of Wight County, the Hampton Trunk 'A' force main in Hampton, the Patrick Henry pump station interconnect force main in Newport News, the Morrison pump station discharge force main replacement in Newport News, and the Kingsmill pump station piping replacement and wet well rehabilitation in James City County.

HRSD owns approximately 136 pump stations and pressure reducing stations that use various control scenarios using programmable controls to maintain various set points throughout the interceptor system. To provide a more reliable control and monitoring system, new control panels have been placed at nearly every station and system control points within the last three years. The Supervisory Control and Data Acquisition (SCADA) system, currently nearing the end of the deployment phase, allows for future capacity optimization control regimes, including real time control and predictive measures to get the most out of the interceptor system.

A comprehensive metering network installed throughout the Wastewater System aids in optimizing system operations and provides flow data to HRSD's dynamic hydraulic model for calibration and validation purposes. The hydraulic model is one of the most sophisticated sewer modeling efforts in the country and is used to guide placement and sizing of future system improvements to cost effectively address wet weather peak flows. In addition, HRSD uses a hydraulic model to evaluate new connections to the system to ensure capacity, size new pipelines and pump stations, develop contingency scenarios and improve system operational efficiency. The hydraulic model was instrumental in HRSD's decision to take the CETP offline and divert the flow to use available capacity at the Atlantic Treatment Plant (ATP). HRSD estimates that the 30-year net present value of savings realized from this decision is approximately $200 million.

In 2017, both the Town of Surry and Surry County transferred their treatment plants and collections systems to HRSD. The Town of Surry Wastewater Treatment Plant was in immediate need of major repairs and had a consent order deadline to take the plant offline before December 31, 2022. Due to the high capital, operations and maintenance costs associated with new treatment plants, HRSD constructed a 132,000 linear foot pipeline project, and eight pump stations to convey flow from these communities to the Nansemond Treatment Plant at an estimated cost of $50 million. This project also included the closure of the Town of Surry and Surry County Wastewater Treatment Plants.

Certain Eastern Shore communities have identified collection system and wastewater treatment as priorities. HRSD has worked with them to construct a 110,000 linear foot pipeline and five pump stations to serve the Towns of Nassawadox, Exmore, Wachapreague, Onley, and Accomac. This project was at an approximate cost of $48 million and permitted the shutdown of wastewater treatment plants in the Towns of Exmore and Nassawadox, which were in need of replacement. In 2022, HRSD took ownership of the Onancock Wastewater Treatment Plant from the Town of Onancock and set up a new operations work center on the Eastern Shore.

HRSD directed significant effort to meet mass discharge limits on nitrogen and phosphorus as a result of the six-state efforts to restore the Chesapeake Bay. As a result of the capital projects at the York River, Nansemond, Army Base James River, and the Virginia Initiative Plant (VIP) Treatment Plants, HRSD continues to meet stringent nutrient limits. Through the use of creative design and phased construction, HRSD deploys cost-effective adaptive technologies to take advantage of the existing facilities and the diversity of treatment processes at each plant. In June 2019, the Virginia State Water Control Board adopted new protective criteria for chlorophyll in the James River. The new criteria were the result of a seven-year study designed to identify the causes and consequences of algal blooms and develop models to estimate their occurrence by linking chlorophyll to nutrients and other environmental factors. HRSD's wasteload allocations defined by the current nutrient general permit are in compliance with the new criteria. Due to the high cost of nutrient upgrades, the CETP was shut down and its flow diverted to the Atlantic Treatment Plant, which is an ocean discharge plant that does not require nutrient removal.

Even more stringent nutrient discharge limits will come into effect in 2026 for nitrogen, along with a series of incremental reductions in phosphorus in 2028, 2030, and 2032. To meet the 2026 nitrogen requirements, two large capital projects are now in construction. These include upgrades at James River

Treatment Plant (JRTP) and the closure of Boat Harbor Treatment Plant (BHTP) with the transfer of flow to Nansemond Treatment Plant (NTP) and the expansion of that facility to accommodate the increased flow. The BHTP closure project will include the construction of a large pump station on the BHTP property, installation of a 54-inch force main under the James River, and installation of a network of force mains to NTP.

The District has developed an innovative managed aquifer recharge program called the Sustainable Water Initiative for Tomorrow (SWIFT) to address the challenges of declining aquifer levels, land subsidence and saltwater intrusion, and provide additional benefits to the region, including nutrient credits for urban stormwater and other needs. SWIFT will add advanced water treatment ("AWT") to up to three of the District's existing treatment plants to produce approximately 50 MGD of water that meets drinking water standards and is compatible with the receiving aquifer. Water meeting drinking water standards (SWIFT Water) will be recharged into the Potomac Aquifer System to counter the aquifer challenges described above. In support of SWIFT, the District constructed and is operating a 1 MGD demonstration facility, known as the SWIFT Research Center at the Nansemond Treatment Plant. The center demonstrates, on a meaningful scale, that AWT produces SWIFT Water that meets primary drinking water standards and is compatible with the receiving aquifer. The first full-scale SWIFT facility is in construction at the James River Treatment Plant with a rated capacity of 16 MGD including AWT and recharge wells. This facility is expected to come online in 2026, and these upgrades are an important part of meeting 2026 nitrogen and future phosphorus limits.

The SWIFT program includes multiple barriers of control for the treatment and removal of contaminants and pathogens, including per - and polyfluoroalkyl substances (PFAS). The first major barrier is source control in which HRSD enforces stringent regulatory limits on the industries that discharge into the District's wastewater facilities so that water generated from SWIFT facilities complies with Safe Drinking Water Act requirements for recharge to a potable aquifer. The SWIFT facility itself includes multiple control barriers, including ozonation, biofiltration and granular activated carbon (GAC) adsorption prior to ultraviolet disinfection. The use of GAC provides treatment of PFAS to comply with the recently released National Primary Drinking Water Regulation for PFAS. As a further means of aquifer protection, critical control points (CCPs) have been identified throughout the treatment process, allowing real-time process monitoring with the ability to redirect any water not meeting specifications away from the aquifer recharge wells to be managed instead by the wastewater facility and in compliance with its receiving stream discharge permit (Virginia Pollutant Discharge Elimination System (VPDES)).

In addition, the District has initiated a substantial capital project to add SWIFT to the expanded Nansemond Treatment Plant (50 MGD) with an AWT capacity of 33 MGD. The design-build team has been selected to deliver this project, and detailed design is anticipated to extend into 2025, with startup expected in 2028. This facility is key to meeting future phosphorus limits.

The last measure needed to meet the final 2032 phosphorus limits is a tertiary treatment upgrade at the VIP Treatment Plant. This project is in the early feasibility design stages, and the project will be constructed in a manner that allows the potential future conversion to SWIFT AWT and recharge.

At the Atlantic Treatment Plant, HRSD started up a thermal hydrolysis process (THP) for biosolids handling in 2020. The process hydrolyzes and disintegrates sludge using pressure and temperature. As a result, biosolids are now designated as Class "A," which means they are pathogen free and have far fewer land application restrictions, additional biogas is produced for the Combined Heat and Power system, and the process allows significant additional capacity to be gained from the existing anaerobic digesters. In addition to the Class "A" designation, the thermal hydrolysis process will significantly reduce the volume of biosolids produced at the plant, and windrow drying and curing is currently being tested as a means of producing a commercially viable product. HRSD has performed a market assessment of commercial

products derived from Class "A" biosolids within coastal Virginia and North Carolina in order to provide secure channels for safe, environmentally beneficial, and cost-effective biosolids end use. As part of a new series of projects and as partly resulting from the flow transferred from the Chesapeake-Elizabeth Plant, HRSD will make additional improvements at the Atlantic Treatment Plant to minimize offsite odor issues, to improve THP process reliability, and to address problems with primary clarification by adding gravity thickening of primary solids.

The District continues to pursue renewable energy projects, such as the Atlantic Treatment Plant Digester Gas Combined Heat and Power (CHP) project completed in 2013. This project feeds internal combustion engines with treated digester gas to meet up to 40% of the 2.5 megawatt demand of the treatment plant and provides heating to the administration buildings and digesters. The digester gas treatment system uses a biological hydrogen sulfide gas scrubber, which was the first municipal installation in North America. In 2020, the District also implemented at the Atlantic Treatment Plant a system that increases biogas generation by receiving and processing restaurant-derived fats, oils, and grease (brown grease) containing water and converting it to additional digester gas.

In 2008, HRSD worked with the Navy to use the Atlantic Treatment Plant's effluent to act as a heat sink for a large Navy facility located adjacent to the plant. This system, similar in function to a geothermal system, saves the Navy $3 million per year and won a Federal Facility Presidential Award in 2009. The District has installed its first photovoltaic array at the SWIFT Research Center, a 60 kW system that supplies approximately one-quarter of the SWIFT Research Center's operating power demand.

The District is currently starting up a new process (Greasezilla) at Nansemond Treatment Plant to recover brown grease in the form of ship bunker fuel, and is currently evaluating proposals for a new public-private partnership for the production of renewable natural gas at the Atlantic Treatment Plant that will further reduce its operations carbon footprint and potentially generate revenue associated with the sale of commodity energy products.

HRSD owns and operates the second Ostara nutrient recovery facility in the United States. The patented Ostara process recovers phosphorus and nitrogen from the wastewater treatment process, rather than releasing it into the Chesapeake Bay, and converts it to a slow-release, high-phosphorus content, commercial fertilizer. As part of the Nansemond Treatment Plant expansion, and in response to more stringent future phosphorus limits, the Ostara nutrient recovery facility is currently under construction to increase the capacity of the facility, to add an additional phosphorus stripping step, and to switch to a more cost effective source of magnesium, the combined impact of which will be roughly quadruple the current struvite production rate.

The District is a leading agency in wastewater research and development. In collaboration with an international group of researchers and other third parties, the District played a major role in patenting a process using mainstream external selectors to improve biomass settleability and stabilize biological phosphorus removal. This technology was installed at the James River Treatment Plant in 2015 and in one train at the Urbanna Treatment Plant in 2016. In addition, the District is collaborating with an international group of agencies and academic institutions to study a revolutionary wastewater process using a relatively new bacterium called anammox. The District started operating the first two full-scale sidestream treatment processes using anammox in the Western Hemisphere at York River Treatment Plant and James River Treatment Plant. HRSD developed and patented (pending) a new control system for one of those processes, known as the AnitaMox process.

HRSD operates the first documented full-scale mainstream nutrient removal process using anammox at the York River Treatment Plant in an emerging application known as partial denitrification-anammox (PdNA). The implementation of PdNA was completed internally by HRSD staff for minimal

capital investment, resulting in the savings of approximately $1 million per year in chemicals and energy and avoiding a substantial conventional nutrient removal capital project. This was based on about eight years of pilot testing and research. HRSD, in collaboration with others, patented a suite of technologies associated with the treatment of nitrogen using low energy, low carbon, and intensified (smaller tanks) processes and based on mainstream nitrite shunt and deammonification (anammox). In the current applications, this technology suite is known as AvN-PdNA. HRSD has also implemented mainstream PdNA at James River Plant as part of the nutrient upgrades that are currently in construction, and the Nansemond Treatment Plant will include mainstream PdNA as part of the expansion project.

Capital Improvement Program

The District's Capital Improvement Program is designed to meet regulatory requirements, including both nutrient reduction and sanitary sewer overflow reduction, aging infrastructure renewals and replacements, biosolids management and increased capacity. The District uses a ten-year planning horizon for the CIP. The CIP is updated each year and modified as circumstances dictate. The Commission approves the overall program and the first year of the plan and appropriates funds on an individual project basis. The District also employs a CIP project prioritization program using a decision-analysis based process. This process allows each proposed project to be considered objectively against the merits of other proposed projects. Individual projects are scored using performance measures based on risk reduction and ranked. After the CIP review team considers each project score for consistency, the CIP leadership team makes final decisions on project acceptability and develops a prioritized project schedule based on projected capital funding availability.

The District has undertaken an Integrated Plan that will use innovative approaches to removing nutrients from the Chesapeake Bay and assist with other regional issues such as aquifer recharge and land subsidence. The centerpiece of the Integrated Plan is the SWIFT program, which will further treat plant effluent to drinking water standards and use it to recharge the Potomac aquifer. The 2025-2034 CIP includes $1.8 billion for the SWIFT program. The Integrated Plan also addresses sanitary sewer overflows (SSO) and has allocated $200 million for projects that will have the largest impact towards reducing SSO's during wet weather events.

The 2025-2034 CIP includes approximately $3.3 billion in interceptor system, treatment plant, water reuse, and other facility improvements. Of that total, $716 million is identified for the rehabilitation and upgrade of wastewater treatment plants. A number of interceptor sewer projects, totaling approximately $692 million, are in the planning, design or construction phase. These planned projects are proposed to address aging infrastructure issues within the District's extensive interceptor sewer piping system. Upgrades to aging sewer pump stations and new pump stations to serve Hampton Roads are an important part of the CIP, with over $262 million of such improvements planned in the next ten years. The CIP includes $293 million in anticipated biosolids management improvements.

The following table sets forth the District's anticipated sources of funds for the Capital Improvement Plan in Fiscal Years 2025 through 2029.

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CIP, Fiscal Years 2025 to 2029
(Dollar amounts in thousands)
(As of Fiscal Years ending June 30)

	2025	2026	2027	2028	2029	Total (2025-29)
Va. Clean Water Revolving Fund Loan	$40,000	$40,000	$40,000	$40,000	$40,000	$200,000
WIFIA Bonds	385,693	211,144	277,872	80,000	80,000	1,034,709
Water Quality Improvement Fund (WQIF) Grants[(1)]	246,457	234,000	58,393	45,500	68,022	652,372
HRSD Cash	155,635	152,820	143,308	140,462	145,234	742,459
Reimbursements	24,831	3,348	1,500	1,500	9,306	40,485
Line of Credit (Negative = Pay Off)	(32,616)	(2,311)	(65,073)	77,538	(17,562)	(40,024)
Total Sources for Capital Expenditures[(2)]	$820,000	$639,000	$461,000	$385,000	$325,000	$2,630,000

(1) The timing and amount of the Water Quality Improvement Fund (WQIF) grants is dependent on funding provided by the Commonwealth and is subject to change. HRSD plans to adjust its funding sources, if needed, based on the receipt of WQIF grants.
(2) Totals may not add due to rounding.

The District plans to fund the Capital Improvement Program through a combination of cash and debt financing as shown in the above table. The CIP also includes $1.25 billion in funding in Fiscal Years 2030 through 2035, of which $494 million is planned to be funded with debt proceeds and $756 million with operating cash.

In addition to its ten-year planning horizon, the District undertakes preliminary planning for its CIP through 2044. While subject to change, the District estimates additional capital expenditures of $2.59 billion for years 2035-2044, with approximately 31% to be financed with new debt. Capital expenditures include estimated costs associated with the RWWMP discussed under " – State Consent Agreement and EPA Consent Decree" below.

The proposed new debt conservatively assumes a combination of interim financing, federal and state subsidized funding, and new money revenue bonds issued in fiscal year 2035 with a rate of 5%. HRSD continues to seek the lowest cost of capital by using the Virginia Clean Water Revolving Loan Fund (VCWRLF) and Water Infrastructure Finance and Innovation Act (WIFIA) loans. For example, based on current market conditions and the lower interest rates available through the capital markets, the District anticipates using proceeds of the Series 2024B Bonds to fund a portion of projects previously planned to be funded with proceeds of WIFIA Bonds. HRSD is currently drawing down two closed loans in the WIFIA program totaling $702 million, and three VCWRLF loans totaling $206 million. See "SECURITY AND SOURCES OF PAYMENT – Senior Obligations." The District will continue to monitor market conditions to obtain the most advantageous method of future CIP financing.

Regulation and Permits

The Virginia State Water Control Law (Chapter 3.1, Title 62.1, Code of Virginia, 1950, as amended) provides that the plans and specifications for wastewater facilities to be constructed be approved by the Virginia Department of Health and the Virginia Department of Environmental Quality. The District

operates all of its plants and interceptor systems under permits issued by the Virginia Department of Environmental Quality.

In addition to the regulatory issues described under " – State Consent Agreement and EPA Consent Decree," the Commonwealth's Phase 3 Watershed Implementation Plan for the Chesapeake Bay Total Maximum Daily Load (TMDL) requires additional nutrient reductions phased in from 2026-2032. Compliance with the required reductions relies on additional capital investment at multiple HRSD facilities. Beyond this, the District is not aware of any pending federal or Commonwealth regulatory requirements proposed in the Federal Register or the Virginia Register that, in themselves, would require significant expenditures for additional capital improvements; however, the District cannot predict the scope or effect of future federal or Commonwealth regulatory actions that could require significant expenditures for capital improvements.

State Consent Agreement and EPA Consent Decree

On December 19, 2014, the Commonwealth of Virginia entered into a long-term State Consent Agreement (the "2014 Consent Agreement") with 14 of the localities that HRSD serves. The 2014 Consent Agreement requires the localities to perform long-term management, operations and maintenance of their sewer systems in support of HRSD's efforts to provide long-term regional wet weather wastewater capacity. HRSD is not a party to the 2014 Consent Agreement. Instead, HRSD's obligation to provide regional wet weather sewer capacity is now solely imposed through its federal consent decree (the "Consent Decree"). HRSD entered into the Consent Decree with the Commonwealth and the United States Environmental Protection Agency ("EPA").

The Consent Decree was entered by the Federal District Court for the Eastern District of Virginia (the "District Court") on February 23, 2010. The Consent Decree has been amended six times, most recently on January 19, 2024 (the "Amended Consent Decree").

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

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

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

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

Environmental Priorities and Efforts

Since its inception in 1940, the District has served the Hampton Roads region with its mission of protecting public health and the waters of Hampton Roads. The District's vision is that the District's communities will have clean waterways and reliable water resources for generations to come. SWIFT is the District's newest water treatment innovation, as described in detail above under " – System Improvements and Innovations."

To better understand the effects of rising sea levels, the District commissioned a comprehensive sea-level rise impact study that concluded in May 2023. The study provided a foundation to address the next 80 years of flooding-related impacts and prioritized flood mitigation projects across all of the District's facilities. As of Fiscal Year 2025, flood mitigation projects were incorporated into the long-term capital planning process, with an average of $5 million in projects to be completed per year over the next fifty years.

In recent years, the District also updated its standards to increase the freeboard three feet above the Federal Emergency Management Agency (FEMA)'s 100-year flood elevation and adopted design standards for assets that require using the U.S. Army Corps of Engineers' sea-level rise tool.

Cybersecurity

The District, like many other public entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware, and other such attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could affect operations and digital networks, and the costs of remedying any such damage could be significant.

In 2019, the District developed an Information Technology governance plan and technology roadmap, that included risk management, business continuity, and new technology integration. The District is implementing this plan over time, at a total estimated cost of approximately $15.5 million between FY 2019 and 2027.

Since April of 2020, the District's Cybersecurity Department has included a dedicated Chief Information Security Officer. The Chief Information Security Office maintains an Information Technology Security Policy in accordance with applicable standards and laws. The policy defines minimum security requirements for the District's assets including the managerial, operational, and technical protection requirement and controls to ensure the confidentiality, integrity, and availability of the District's IT assets;

and compliance with requirements of applicable federal, and state law and the District's policies and regulations.

The District maintains a comprehensive cyber insurance coverage policy that covers breach related expenses, liability and extortion. In addition, the District maintains crime insurance, which includes computer related fraud.

On November 17, 2020, the District was the subject of a ransomware attack. The District and its cybersecurity consultants worked to restore all of the business systems to normal operations without paying any ransom. The District did not experience any negative material impact on its operations as a result of the attack. Because of the District's robust safeguards, the District did not lose any data as a result of the attack.

COVID-19 Matters

In FY 2021, the District paused its planned rate increase and held rates flat to assist ratepayers that were otherwise negatively affected by the COVID-19 pandemic. The District also participated in the Low Income Household Water Assistance Program, which provided eligible ratepayers assistance with their wastewater bills. In FY 2021, the first full fiscal year affected by the COVID-19 pandemic, the District's flows increased 3.2%. This was a reversal of a trend of moderating declining consumption, which may be attributable to the increased use of low-flow appliances among the District's ratepayers. In FY 2023, flows returned to the pre-pandemic level from FY 2020.

FINANCIAL MANAGEMENT

General

Through its annual budget process, management seeks to ensure that operating revenues are sufficient to meet operating expenses and sufficient reserves are available in the event actual billings do not meet budgetary expectations. The upgrades and expansion of new treatment plants and extensions and improvements of the interceptor system are financed by a combination of operating revenues and debt financing. The following table sets out the District's operating results and debt service coverage for the Fiscal Years ended June 30, 2019, through June 30, 2023.

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Summary of Operating Expenses and Debt Service Coverage
(Dollar Amounts in Thousands)
(As of Fiscal Years ended June 30)[1]

	2019	2020	2021	2022	2023
Operating Revenues					
Wastewater Treatment Charges	$299,323	$318,585	$325,817	$352,414	$383,115
Miscellaneous	3,798	3,447	3,952	5,532	4,820
Total Operating Revenues	$303,121	$322,032	$329,769	$357,946	$387,935
Operating Expenses					
Wastewater Treatment	$117,189	$122,393	$132,820	$134,135	$149,532
General and Administrative	41,121	46,949	48,691	45,673	53,995
Total Operating Expenses, excluding Depreciation	$158,310	$169,342	$181,511	$179,808	$203,527
Non-Operating Revenues (Expenses)					
Wastewater Facility Charges	$6,662	$6,444	$7,379	$7,072	$7,293
Investment Income	8,719	5,876	471	(1,651)	6,068
Bond Interest Subsidy[2]	2,308	2,205	2,167	2,052	2,015
Capital Distributions to Localities[3]	-	-	(376)	(13)	(2,422)
Bond Issuance Costs	(53)	(1,290)	(682)	(311)	(98)
Net Non-Operating Revenues (Expenses)	$17,636	$13,235	$8,959	$7,149	$12,856
Net Revenues (GAAP)	$162,447	$165,925	$157,217	$185,287	$197,264
Add Back: Operating Expenses on Improvements not Owned by HRSD	-	-	376	13	2,422
Net Revenues (Adjusted)	$162,447	$165,925	$157,593	$185,300	$199,686
Debt Service[4]	$61,905	$59,011	$59,213	$61,017	$66,391
Debt Service Coverage Ratio (GAAP)	2.62	2.81	2.66	3.04	2.97
Debt Service Coverage Ratio[4] (Adjusted Cash Basis)	2.62	2.81	2.66	3.04	3.01

(1) Revenues and Operating Expenses presented in accordance with generally accepted accounting principles; Debt service presented on a cash basis (i.e. debt service actually due during the related Fiscal Year).

(2) Actual Federal Subsidy received from the federal government relating to interest on the District's Wastewater Revenue Bonds, Series 2009B (Federally Taxable-Issuer Subsidy-Build America Bonds), which were redeemed as a whole on May 9, 2024, and are no longer outstanding.

(3) Operating Expenses on improvements not owned by HRSD are funded through HRSD's Capital Improvement Plan from sources that may include cash, debt, grants, and other sources. Such expenses are excluded from the definition of Operating Expenses under the Trust Agreement.

(4) Calculated based on actual debt service payable on a current year basis. Includes debt service on the District's obligations (none of which remain outstanding) that were senior in right of payment to the Bonds and other Senior Obligations, and excludes debt service on Subordinate Obligations.

Pension Fund and Other Post-Retirement Benefits. For a description of the District's participation in the Virginia Retirement System, a defined benefit plan offered by the Commonwealth of Virginia, and

of the post-retirement health benefits for qualifying employees of the District, see the District's Annual Comprehensive Financial Report attached as Appendix A hereto.

Debt Management. The Commission has adopted a comprehensive financial policy designed to promote sound financial management. The policy addresses, but is not limited to, the following areas: reserves, budgetary principles, internal controls, debt affordability, debt management, risk management, derivatives and investments. The Commission has the right to change the financial policy from time to time.

The policy requires minimum debt service coverage requirements in excess of its obligations under the Trust Agreement. It also requires cash contributions to its capital program of not less than 15% of each year's capital improvement program. Additionally, the policy establishes parameters for the investment of idle funds.

Projected Operating Results. The following table shows projected Revenues and Current Expenses for the Fiscal Years ending June 30, 2025, through June 30, 2029, inclusive.

Summary of Projected Revenues and Current Expenses
(Dollar Amounts in Thousands)
(As of Fiscal Years ending June 30)[1]

	2025	2026	2027	2028	2029
Operating Revenues[2]	$452,127	$490,832	$532,554	$559,489	$586,991
Non-Operating Revenues	15,065	13,783	14,416	15,120	15,518
Less Operating Expenses Excluding Depreciation	(275,722)	(316,231)	(355,551)	(370,918)	(348,485)
Net Revenues	$191,470	$188,383	$191,420	$203,691	$254,024
Add Back: Operating Expenses on Improvements not Owned by HRSD	$9,630	$36,706	$39,608	$34,244	$17,724
Net Revenues (Adjusted)	$201,100	$225,089	$231,028	$237,935	$271,748
Debt Service[2][3][4]	$90,295	$99,923	$110,746	$111,241	$130,725
Debt Service Coverage Ratio (Adjusted)[2][3][4]	2.23	2.25	2.09	2.14	2.08
Key Assumptions[5]					
Rate Increases	9.0%	9.0%	9.0%	9.0%	6.5%
Change in Consumption	0.0%	-0.1%	-0.15%	-0.25%	-0.4%
Key Inflation Trends					
Average Inflation	4.6%	4.7%	5.3%	4.6%	4.3%
Personal Expenses	6.0%	10.0%	10.0%	9.0%	5.0%
Healthcare Rates	5.2%	5.2%	5.2%	5.2%	5.2%
Contractual Services	5.0%	5.0%	8.0%	5.0%	5.0%
Costs of Issuance	$300	-	-	-	-

(1) Totals may not add due to rounding.
(2) Revenues and Operating Expenses presented in accordance with generally accepted accounting principles; Debt service presented on a cash basis (i.e. debt service actually due during the related Fiscal Year).
(3) Debt service does not include principal and interest on the Line of Credit. See "PLAN OF FINANCING – Future Financings" herein.
(4) Assumes debt service on variable rate Series 2016B Bonds of 3.5 to 5.0% per annum. No assurance can be given, however, that the rate on the Series 2016B Bonds will not be higher than assumed above.
(5) While the District believes the assumptions set forth above are reasonable, actual results may vary.

Budgeting and Accounting

Budgetary Controls. The District adopts an annual operating budget and a 10-year Capital Improvement Plan. The budget is approved on or before June 30 of each year. The District maintains budgetary controls on a departmental basis, and the General Manager/Chief Executive Officer is authorized to transfer funds among departments without Commission approval. With the exception of capital projects, unencumbered funds lapse at year end. As part of the budget process, the District adopts a long-range financial forecast.

Financial Statements. In accordance with accounting principles generally accepted in the United States, the District's audited general purpose financial statements are prepared on an accrual basis of accounting. The District's audited basic financial statements and the report thereon by Cherry Bekaert LLP, for the Fiscal Year ended June 30, 2023, are included in Appendix A. The District's independent auditor, Cherry Bekaert LLP, has not been engaged to perform and has not performed, since the date of its report included in Appendix A, any procedures on the financial statements addressed in that report. Cherry Bekaert LLP also has not performed any procedures relating to this Official Statement.

The Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for excellence in Financial Reporting to the District for its annual comprehensive financial reports for 40 consecutive Fiscal Years. In order to be awarded a Certificate of Excellence, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

FY 2024 Budget; Interim financial reports. The District's FY 2024 Budget represents total revenue and expense increases of $40.64 million, or 10.5% over the adopted FY 2023 Budget. This increase was supported with a 9.0% rate increase plus increases in other revenue sources such as investment income. Fourth quarter interim (unaudited) financial results for FY 2024 indicate that revenues exceeded budgetary estimates by approximately 4% and that expenses were under budget by approximately 15%. The interim financial report summarizes the results of the District's operations on a basis of accounting that differs from generally accepted accounting principles. Revenues are recorded on an accrual basis, whereby they are recognized when billed, and expenses are generally recorded on a cash basis. No provision is made for non-cash items such as depreciation and bad debt expense.

The District publishes unaudited financial reports at www.hrsd.com/investor-relations. Such reports are not incorporated into this Official Statement by reference, and the District reserves the right to modify the content and timing of such reports in the future or to eliminate them altogether.

Rates

The District periodically reviews its rate structure and revises its charges as necessary to generate the revenues required to meet its current financial obligations. The most recent general increase in rates became effective July 1, 2024. The District's full rate schedule appears on the District's website, www.hrsd.com.

Currently, the District's typical residential customer pays less than $46 per month for sewage interception and treatment services provided by the District. The District's sewage interception and treatment charge generally is one of the smallest public service utility bills its customers receive. Generally, the District bills and collects directly from its customers on a monthly, bimonthly, or quarterly basis depending upon the community. The jurisdictions provide the meter readings, which are the basis of the District's billing operation.

The District charges surcharge rates to recover costs in direct proportion to volume and pollutant concentrations in excess of typical residential wastewater. Industrial users are typically permitted facilities requiring periodic effluent sampling.

The District provides billing services to several of the jurisdictions it serves, including Chesapeake, Norfolk, Smithfield, Suffolk, King William, Urbanna and Surry County, excluding the Town of Claremont. The combined bill can include jurisdictional charges for water, solid waste disposal, sewage collection, storm water mitigation and District charges for sewage interception and treatment. To date, these services have been provided at no cost to assist the jurisdictions and customers the District serves to minimize the number of bills the customers receive and number of payments they need to make.

Rate-Making Process

The Enabling Act provides that the Commission is to fix and revise rates, fees and charges to provide funds that, with other funds available for such purposes, will be sufficient at all times (a) to pay the cost of maintaining, repairing and operating the Wastewater System and all improvements thereto, including reserves for such purpose and for renewals and replacements and necessary extensions and additions to the Wastewater System, (b) to pay the principal of and the interest on such revenue bonds as the same shall become due and to provide reserves therefor, (c) to pay costs associated with a customer assistance program, and (d) to provide a margin of safety for making such payments.

The Enabling Act provides that before any revision of rates, fees and charges shall become effective the Commission shall publish a copy thereof for four consecutive weeks in a newspaper of general circulation within the District. If, on or before the last publication, the governing body of any city or county constituting a part of the District or five hundred or more qualified voters residing within the District file a petition with the Virginia State Corporation Commission complaining of the proposed revision, the State Corporation Commission may by order suspend the placing in effect of such revision for a period not exceeding sixty days from the filing of any such petition during which time it shall investigate whether such revision is just and equitable and in accordance with the provisions of the Enabling Act. If the State Corporation Commission does not enter an order suspending, approving or disapproving such revision within sixty days from the filing of any such petition, such revision will be deemed to be in effect. The District or the party or parties filing a petition may appeal to the Supreme Court of Virginia from any such order as may be entered by the State Corporation Commission.

Collection of Unpaid Wastewater Treatment Charges

The Enabling Act provides that if any bill for wastewater treatment charges is not paid in full when the same becomes due, the owner, tenant or occupant of such lot or parcel of land shall, until wastewater treatment charges are paid, cease to dispose of wastewater or industrial wastes originating from or on such property by discharge thereof directly or indirectly into the Wastewater System, and if such owner, tenant or occupant does not cease such discharge within two months after the delinquent fees and charges are due, it shall be the duty of each public or private agency supplying water to such property, within five days after receipt of notice of such facts from the District, to cease supplying water to such property. If the water supply is not stopped, the District has the power to enter into any public or private property to shut off the property's water supply.

The District participates in the Virginia Set-Off Debt Collection Program administered by the Virginia Department of Taxation. This program provides a means for government units and courts to collect delinquent debts by attaching individual income tax refunds and certain state lottery winnings. Jurisdictions participating in the Hampton Roads Utility Billing Service (which is managed by the District) may have

the District submit their balances along with the District's. This benefits the jurisdictions since, under the Debt Set-Off Collection Program, the District has a higher payoff priority than counties and cities.

The following table shows the District's treatment charge collection rate for the last ten Fiscal Years.

Collection Rate

Fiscal Year Ended June 30	Percentage of Wastewater Treatment Charges Collected
2014	99.3%
2015	99.1
2016	99.1
2017	99.1
2018	99.3
2019	99.2
2020	99.3
2021	99.3
2022	99.6
2023	99.3

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; employee dishonesty; injuries to employees; and natural disasters. HRSD purchases commercial insurance for specific types of coverage including property, liability, auto, crime, public officials and workers' compensation. Claim settlements and judgments not covered by commercial insurance are covered by operating resources. The amount of settlements did not exceed insurance coverage for each of the past three Fiscal Years. The District also has a self-insured health, dental and vision care benefits program for all employees. See " – Insurance" and " – Insurance and Condemnation Proceeds" in Appendix C.

LITIGATION

There is no litigation pending in any court (either state or federal) or, to the knowledge of the District, threatened against the District that in any way questions or affects the validity of or the security for the Series 2024B Bonds or that would have a material adverse effect on the District's condition, financial or otherwise.

APPROVAL OF LEGAL PROCEEDINGS

The Series 2024B Bonds are offered subject to the approving opinion of Norton Rose Fulbright US LLP, Washington, D.C., Bond Counsel. Certain legal matters will be passed upon for the District by its General Counsel, Sands Anderson PC, Richmond, Virginia, and for the Underwriters by Kaufman & Canoles, a Professional Corporation, Richmond, Virginia.

TAX MATTERS

Opinion of Bond Counsel

The District will covenant in a tax certificate to comply with certain provisions of the Internal Revenue Code of 1986 (the "Code") relating to the exclusion from gross income of the interest on the Series 2024B Bonds for federal income tax purposes. In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under current law, and assuming continuing compliance by the District with such covenants and subject to the provisions of this section, interest on the Series 2024B Bonds will not be includable in gross income of the owners of the Series 2024B Bonds for federal income tax purposes. Interest on the Series 2024B Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Series 2024B Bonds in the event of a failure by the District to comply with applicable requirements of the Code and its covenants regarding use, expenditure, and investment of the proceeds of the Series 2024B Bonds and timely payment of certain investment earnings to the United States Treasury. No opinion is rendered by Bond Counsel as to the effect on the exclusion from gross income of the interest on the Series 2024B Bonds for federal income tax purposes of any action taken or not taken without the approval of Bond Counsel or upon the advice or approval of counsel other than Bond Counsel.

Interest on the Series 2024B Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax under the Code on individuals.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than one billion dollars in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for such taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Series 2024B Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Series 2024B Bonds.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Series 2024B Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2024B Bonds with original issue discount (a "Discount Bond") will be excluded from gross income for federal income tax purposes to the same extent as interest on the Series 2024B Bonds. In general, the issue price of a maturity of the Series 2024B Bonds is the first price at which a substantial amount of Series 2024B Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers), which may differ from the price for such maturity shown on the inside cover page of this Official Statement, and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser's adjusted basis in a Discount Bond is to be increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bonds for federal income tax purposes.

Original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed herein. Consequently, an owner of a Discount Bond should be aware that the accrual of original issue discount in each year may result in

additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The accrual of original issue discount and its effect on the redemption, sale, or other disposition of a Discount Bond that is not purchased in the initial offering at the first price at which a substantial amount of such Series 2024B Bonds is sold to the public may be determined according to rules that differ from those described above. A purchaser of a Discount Bond should consult his or her tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount with respect to such Discount Bond and with respect to state and local tax consequences of owning and disposing of such Discount Bond.

Bond Premium

The excess, if any, of the tax basis of a maturity of Series 2024B Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Series 2024B Bonds as inventory, stock in trade, or for sale to customers in the ordinary course of business) over the amount payable at maturity is "Bond Premium." Bond Premium is amortized over the term of such maturity for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). No deduction is allowed for such amortization of Bond Premium; however, Bond Premium is treated as an offset to qualified stated interest received on the Series 2024B Bonds. An owner of such Series 2024B Bonds is required to decrease his adjusted basis in such Series 2024B Bonds by the amount of amortizable Bond Premium attributable to each taxable year such Series 2024B Bonds are held. Purchasers of such Series 2024B Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the treatment of Bond Premium upon sale, redemption or other disposition of such Series 2024B Bonds and with respect to state and local income tax consequences of owning and disposing of such Series 2024B Bonds.

Backup Withholding

Interest paid on the Series 2024B Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not by itself, affect the excludability of interest on the Series 2024B Bonds from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Series 2024B Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (i) are not "exempt recipients," and (ii) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Internal Revenue Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld from a payment to a beneficial owner under the backup withholding rules would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Internal Revenue Service.

Other Tax Consequences

The Code contains other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel expresses no opinion, as a result of ownership of the Series 2024B Bonds or the inclusion in certain computations of interest on the Series 2024B Bonds that is excluded from gross income for purposes of federal income taxation.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial asset securitization investment trust (FASIT), corporations subject to the alternative minimum tax on adjusted financial statement earnings, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit.

PROSPECTIVE PURCHASERS OF THE SERIES 2024B BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE APPLICABILITY AND IMPACT OF ANY SUCH COLLATERAL TAX CONSEQUENCES.

Future Tax Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Series 2024B Bonds to be subject, directly or indirectly, to federal income taxation or to state or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or state tax exemption or the market value of the Series 2024B Bonds. Prospective purchasers of the Series 2024B Bonds should consult their tax advisors regarding any future, pending or proposed federal or state tax legislation, regulations, rulings or litigation as to which Bond Counsel expresses no opinion.

Virginia Taxes

The Enabling Act provides that the Series 2024B Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall be free and exempt from taxation by the Commonwealth of Virginia and by any political subdivision thereof.

UNDERWRITING

Pursuant and subject to the terms and conditions set forth in a Bond Purchase Agreement (the "Purchase Agreement"), dated July 23, 2024, between the District and BofA Securities, Inc., Wells Fargo Bank, National Association, and Stifel, Nicolaus & Company, Incorporated (the "Underwriters"), for whom BofA Securities, Inc., is acting as representative, the Underwriters will agree to purchase from the District, and the District will agree to sell to the Underwriters, all, but not less than all, of the Series 2024B Bonds at a purchase price that results in an Underwriters' discount of $479,905.03. The Underwriters have supplied the information as to the prices shown on the inside cover page.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor or other rights against the District and its affiliates in connection with such activities. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities or instruments of the District (directly, as collateral securing other obligations or otherwise) or persons and entities with relationships

with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long or short positions in such assets, securities and instruments.

BofA Securities, Inc., an underwriter of the Series 2024B Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc., may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc., may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2024B Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the Underwriters of the Series 2024B Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2024B Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2024B Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2024B Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

FINANCIAL ADVISOR

The District has retained PFM Financial Advisors LLC, Arlington, Virginia, as financial advisor (the "Financial Advisor") in connection with the issuance of the Series 2024B Bonds. Although the Financial Advisor assisted in the review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

RATINGS

The Series 2024B Bonds have been assigned a rating of "Aa1" by Moody's Investors Service, Inc. ("Moody's"), and "AA+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). Such ratings reflect only the view of such organizations, and a fuller explanation of the significance of such ratings may be obtained from the rating agencies. A rating is not a recommendation to buy, sell or hold the Series 2024B Bonds. The District furnished Moody's and S&P with certain information regarding its policies, practices and finances, including information that is not included in this Official Statement.

There is no assurance that such policies, practices and finances or such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by

Moody's or S&P. Any such downward revision or withdrawal could have an adverse effect on the market price of the Series 2024B Bonds.

CONTINUING DISCLOSURE

The Securities and Exchange Commission has adopted Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"). In general, the Rule prohibits an underwriter from purchasing or selling municipal securities, such as the Series 2024B Bonds, unless it has determined that the issuer of such securities and other persons deemed to be material "obligated persons" have committed to provide to The Electronic Municipal Market Access ("EMMA") system administered by the Municipal Securities Rulemaking Board (i) on an annual basis, certain financial information and operating data ("Annual Reports"), and audited financial statements, if available, or such unaudited financial statements as may be required by the Rule, and (ii) notice of various events described in the Rule ("Event Notices").

The District will covenant in the Continuing Disclosure Agreement (the form of which appears in Appendix E) for the benefit of the holders of the Series 2024B Bonds to provide to EMMA annually, not later than December 31 of each year, commencing December 31, 2024, Annual Reports with respect to itself, as issuer. Similarly, the District will promptly provide Event Notices with respect to the Series 2024B Bonds to EMMA. In the five years preceding the date of this Official Statement, the District has materially complied with its other undertakings under the Rule.

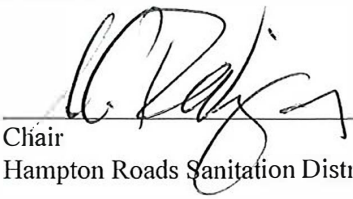
The Continuing Disclosure Agreement requires the District to provide only that information that is subject to the terms of the Continuing Disclosure Agreement and only at specific times. The District may, from time to time, provide certain information and data in addition to that required by the Continuing Disclosure Agreement. If the District chooses to provide such information and data, it has no obligation to update such information or data or to include it in a future disclosure.

The sole remedy for a default under the Continuing Disclosure Agreement is to bring an action for specific performance of the District's covenants hereunder, and no assurance can be provided as to the outcome of any such proceeding.

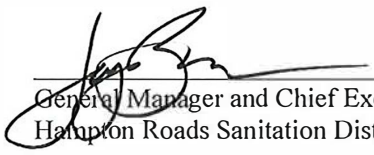
MISCELLANEOUS

All summaries or descriptions in this Official Statement of the provisions of the Enabling Act, the Series 2024B Bonds, and the Trust Agreement are made subject to all of the detailed provisions thereof to which reference is made for further information. Such summaries do not purport to be complete statements of any or all of the provisions thereof. Copies of the Trust Agreement are available upon request to the District at the following address: 1434 Air Rail Avenue, Virginia Beach, Virginia 23455, Phone (757) 460-2261.

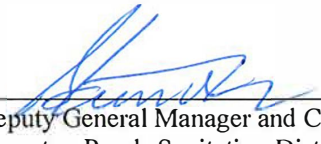
Any statement in this Official Statement involving matters of opinion whether or not expressly so stated is intended as such and not as a representation of fact. The execution and delivery of this Official Statement have been duly authorized by the Commission.



Chair
Hampton Roads Sanitation District Commission



General Manager and Chief Executive Officer
Hampton Roads Sanitation District



Deputy General Manager and Chief Financial Officer
Hampton Roads Sanitation District

APPENDIX A

Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2023, including as a part thereof, the Basic Financial Statements and Related Auditor's Report for the Fiscal Year ended June 30, 2023, as rendered by Cherry Bekaert LLP[(1)(2)]

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(1) This Appendix comprises the District's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023. In order to preserve cross-references within such pages, this Appendix has not been repaginated and, accordingly, retains the original pagination.

(2) Cherry Bekaert LLP, the District's independent auditor, has not been engaged to perform and has not performed, since the date of its report included in this Appendix, any procedures on the financial statements addressed in that report. Cherry Bekaert LLP also has not performed any procedures relating to this Official Statement.

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HRSD

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2023 and 2022

Hampton Roads Sanitation District

(A Component Unit of the Commonwealth of Virginia)



Photos used for this publication feature the Grand Opening of Woodstock Park in Virginia Beach, Virginia. HRSD and Virginia Beach Parks & Recreation (VBPR) entered a mutually beneficial partnership aligning parks and recreation planning with wastewater utility infrastructure needs. This partnership culminated in a multiuse facility that serves the Virginia Beach community while also meeting important regional infrastructure demands. The Woodstock Park Project consisted of a 5.2-million-gallon offline storage tank designed to help reduce the risk of wet-weather-related sanitary sewer overflows, topped by an integrated green roof and cutting-edge, 30,000-sq.-ft. skatepark for the wheeled sport community. The partnership also allowed VBPR to accelerate their planned renovations and improvements throughout Woodstock Park, including new pavilions, pickleball courts, restrooms, and other park amenities. Interpretive elements have also been installed around the park to engage visitors to learn more about the storage tank and how it operates, the skatepark features, and the function of the park's unique stormwater management facilities.



HAMPTON ROADS SANITATION DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

PREPARED BY THE FINANCE DEPARTMENT



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Introductory Section





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October 23, 2023

To the Hampton Roads Sanitation District (HRSD) Board of Commissioners and Our Customers:

We are pleased to submit this Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. Political subdivisions of the Commonwealth of Virginia are required to publish a complete set of audited financial statements. This report fulfills that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Cherry Bekaert LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on HRSD's financial statements for the year ended June 30, 2023. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A, which complements this letter of transmittal, should be read in conjunction with it.

Profile of HRSD

HRSD is an independent political subdivision of the Commonwealth of Virginia (the Commonwealth) created by referendum on November 5, 1940. HRSD was established to abate water pollution in the Hampton Roads area by providing a system of interceptor mains and wastewater treatment plants.

Approximately 1.9 million individuals, more than one-fifth of Virginia's population, reside in HRSD's service area, which is in the southeastern corner of the Commonwealth. HRSD's territory of approximately 5,000 square miles encompasses nine cities, eleven counties and several large military facilities. A brief history of HRSD is provided on page 7. HRSD is required by its Enabling Act to meet its obligations by charging user fees for its wastewater treatment services; no taxing authority is authorized by the Enabling Act. Currently, HRSD provides service and bills to approximately 486,000 service connections.

A board of eight commissioners (the Commission), appointed by the Governor of Virginia, governs HRSD. Commission members, who serve four-year staggered terms, can be reappointed without limitation, and may be suspended or removed at the Governor's pleasure. The Commission appoints a General Manager, who appoints the senior staff.

HRSD owns and operates 16 treatment plants. The eight major plants in Hampton Roads have design capacities ranging in size from 15 to 54 million gallons per day (MGD). Four of the major plants are located south of the James River and four are north of the James River. The combined capacity of these eight plants is approximately 225 MGD. HRSD's six small rural treatment plants have a combined capacity of 1.75 MGD.

HRSD maintains 538 miles of pipelines ranging from six inches to 66 inches in diameter. Interceptor pipelines, along with 89 pump stations in Hampton Roads, interconnect into two independent systems, one south of the James River and one north of the James River. The system allows some flow diversions to provide for maintenance or emergency work. HRSD owns and maintains 44 pump stations in the Small Communities.

Local Economy

HRSD's service area includes nearly all the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA). It is the eighth largest MSA in the southeastern United States and the 37th largest in the nation. Unlike many metropolitan areas, Hampton Roads' population nucleus is not confined to one central city. Instead, the approximately 1.9 million residents are spread among several cities and counties. Virginia Beach is the most populous city in the Commonwealth, with Norfolk and Chesapeake second and third, respectively. Suffolk is the largest city by land area. Unemployment rates remain below national averages in the region, which has a civilian labor force of approximately 850,000 as of June 2023.

The regional economy is supported by one of the highest military concentrations in the nation, diverse manufacturing and service sectors, shipbuilding and repair work, international port activities and tourism. Several state and private colleges and a large healthcare infrastructure also lend stability to the region.

A diverse customer base allows HRSD to maintain stable revenues. The ten largest customers account for only 7.6 percent of wastewater revenues for fiscal year 2023. In addition, HRSD's 2023 revenues contained only limited reliance (1.8 percent) on new customer connections.

Long-Term Financial Planning

HRSD's Financial Policy helps it maintain its solid fiscal health. Budgetary principles include using ongoing revenues to pay for ongoing expenses and establishing annual cash contribution goals of at least 15 percent of budgeted capital costs. Under the Financial Policy, senior debt service coverage and total adjusted debt service coverage ratios should not be less than 1.5 and 1.4 times annual debt service, respectively with a goal of maintaining 2.0. Operating and ten-year capital improvement budgets are adopted annually. Included in the operating budget is a long-range financial forecast, which is guided by projections of operating and capital needs and the aforementioned Financial Policy requirements.

Major Initiatives

HRSD continues its ambitious $3.7 billion, 10 year Capital Improvement Program. Regulatory requirements as part of the Chesapeake Bay restoration to reduce nutrient discharges and, Clean Water Act compliance initiatives to ensure appropriate wet weather capacity exists within the regional sanitary sewer system, major plant upgrades and replacements of interceptor pipelines drive the capital program. Major projects are currently under construction at the James River, and Nansemond Treatment Plants. To minimize the impacts of its capital investments on ratepayers, HRSD continues to pursue grant and low-interest loan opportunities when available.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to HRSD for its annual comprehensive financial report (Annual Report) for the fiscal year ended June 30, 2022. This was the 40th consecutive year that HRSD has received this prestigious award. In order to be awarded a Certificate of Achievement, HRSD must publish an easily readable and efficiently organized Annual Report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Annual Report was made possible by the dedicated service of the entire Department of Finance staff. All members of the department have our sincere appreciation for their contributions to the preparation of this report. Credit must also be given to the Commission for their support for maintaining the highest standard of professionalism in the management of HRSD's finances.

Respectfully submitted,







Jay A. Bernas, P.E.	Steven G. de Mik, CPA	Kassandra Pagan
General Manager	Deputy General Manager/CFO	Chief of Accounting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Hampton Roads Sanitation District
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Principal Officials
June 30, 2023

COMMISSIONERS

Stephen C. Rodriguez, Chair

Frederick N. Elofson, CPA, Vice-Chair

Michael E. Glenn
Vishnu K. Lakdawala, PhD
Willie Levenston, Jr.
Nancy J. Stern
Elizabeth A. Taraski, PhD
Ann W. Templeman

COMMISSION SECRETARY

Jennifer L. Cascio

ASSISTANT COMMISSION SECRETARY

Elizabeth I. Scott

SENIOR STAFF

Jay A. Bernas, PE
General Manager

Steven G. de Mik, CPA
Deputy General Manager/CFO

Eddie Abisaab, PE, PMP, ENV SP
Director of Operations

Charles B. Bott, PhD, PE, BCEE
Director of Water Technology And Research

Donald C. Corrado
Director of Information Technology

Bruce W. Husselbee, PhD, PE, DBIA
Director of Engineering

Jamie Heisig-Mitchell
Director of Water Quality

Dorissa Pitts-Paige, PHR, IPMA-SCP, SHRM-SCP
Director of Talent Management

Leila E. Rice, APR
Director of Communications

COUNSEL

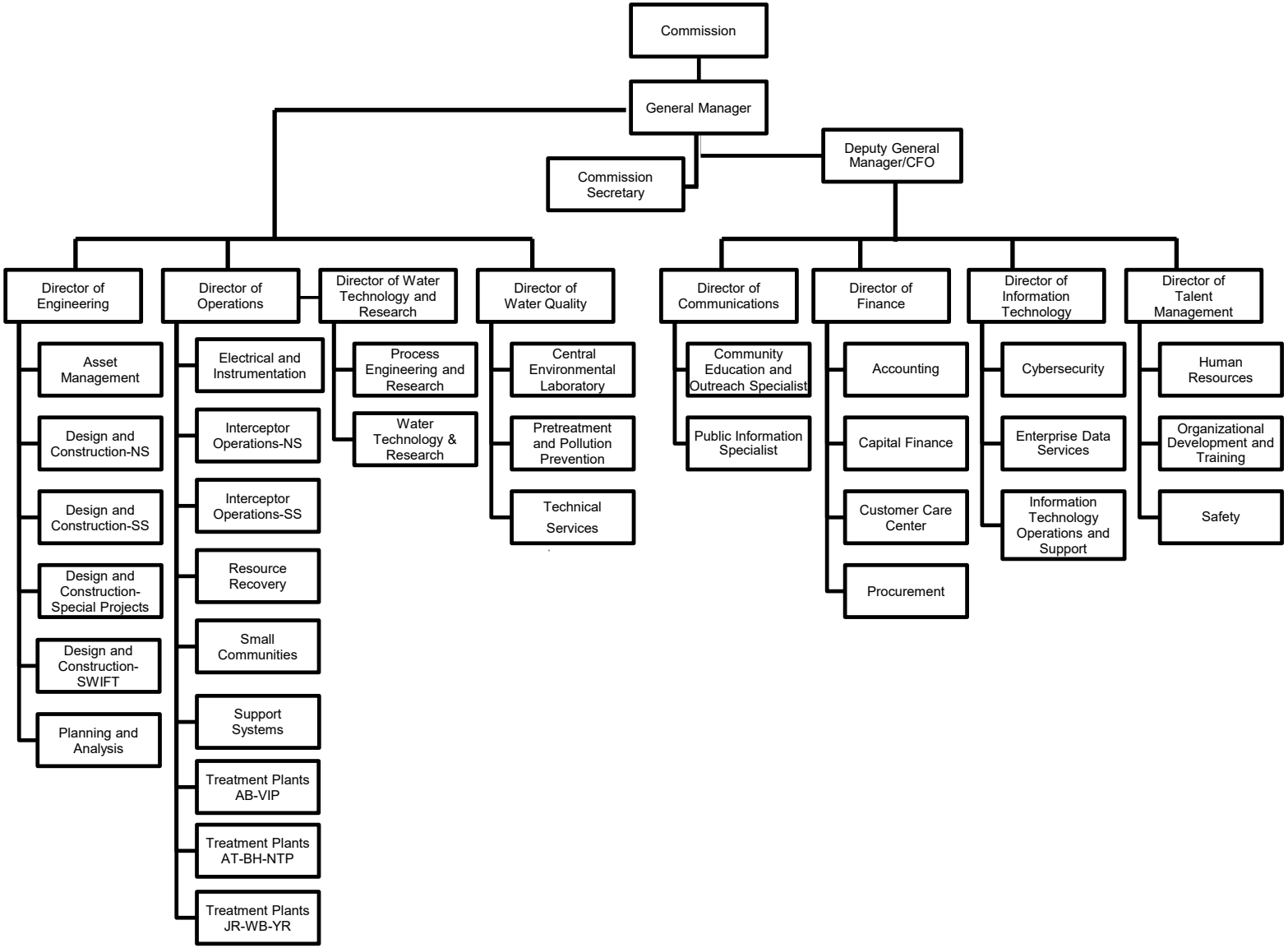
Sands Anderson, PC
General Counsel

AquaLaw, PLC
Special Counsel

Norton Rose Fulbright US, LLP
Bond Counsel

HRSD Organization Chart

June 30, 2023



HRSD Service Area
June 30, 2023



HRSD History
June 30, 2023

HRSD can trace its beginnings to 1925 when the Virginia Department of Health condemned a large oyster producing area in Hampton Roads. The closure resulted in the Virginia General Assembly creating in 1927 a "Commission to Investigate and Survey the Seafood Industry of Virginia." Other studies recommended a public body to construct and operate a sewage system in the area. HRSD was named after Hampton Roads, a ship anchorage used for five centuries located near the convergence of the James, Elizabeth and Nansemond Rivers, before they flow into the Chesapeake Bay in southeastern Virginia.

In 1934, the Virginia General Assembly created the Hampton Roads Sanitation Disposal Commission with instructions to plan the elimination of pollution in Hampton Roads. Recommendations were made to the General Assembly, which resulted in the Sanitary Districts Law of 1938, along with "an Act to provide for and create the Hampton Roads Sanitation District." This Act required the qualified voters within HRSD to decide in a general election on November 8, 1938, if they favored creation of such a District. This referendum failed to gain a majority by about 500 votes out of nearly 20,000 votes cast. This led to a revision of the Act and another referendum was held on November 5, 1940, which resulted in a majority vote for the creation of the Hampton Roads Sanitation District.

The Enabling Act provides for HRSD to operate as a political subdivision of the Commonwealth of Virginia for the specific purpose of water pollution abatement in Hampton Roads by providing a system of interceptor mains and wastewater treatment plants. Its affairs are controlled by a Commission of eight members appointed by the Governor for four-year terms. Administration is under the direction of a General Manager, supported by department directors and their staff.

HRSD began operations on July 1, 1946, using facilities acquired from the United States Government. The Warwick County Trunk Sewer, HRSD's first construction project, began on June 26, 1946, and was funded by HRSD's $6.5 million Primary Pledge Sewer Revenue Bonds, dated March 1, 1946. The first treatment plant, the Army Base Plant, began operation on October 14, 1947. Since that time, the facilities of HRSD have grown to provide sanitary sewer service to all major population centers in southeastern Virginia. The population served has increased from nearly 288,000 in 1940 to about 1.9 million in 2023.

Throughout its rich history HRSD has earned many of its industry's most prestigious awards. This tradition continued as the National Association of Clean Water Agencies (NACWA) presented Peak Performance Awards for outstanding compliance with National Pollutant Discharge Elimination System (NPDES) permits to the following HRSD treatment plants during the year ended June 30, 2023: Treatment plants receiving Gold awards for achieving perfect compliance for an entire year: Army Base, Central Middlesex, Onancock and Urbanna. King William, Nassawadox Riverside and West Point treatment plants each earned a Silver award for having no more than five permit violations in the calendar year. Our Platinum award winners this year were Atlantic (8 consecutive years of compliance), Boat Harbor (21 consecutive years), James River (9 consecutive years), Nansemond (21 consecutive years), Virginia Initiative Plant (27 consecutive years), Williamsburg (28 consecutive years) and York River (15 consecutive years).

Additional awards and honors received during the year ended June 30, 2023 include NACWA National Environmental Achievement Awards for Research and Technology, Public Information and Education and Workforce Development. The Providence Road Offline Storage Facility and Woodstock Park Improvements Project earned several honors, including the Build America Merit Award, the 2022 Water Environment Federation Project Excellence Award, the Design-Build Institute of America (DBIA) Merit Award and Award of Excellence in the Water/Wastewater sector and 2022 DBIA Mid-Atlantic Region Honor Award for Best Design-Build Project. The HRSD Finance Department was also recognized by the Environmental Protection Agency (EPA), receiving the 2022 George F. Ames PISCES award for Innovative Finance.



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Financial Section





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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Commissioners
Hampton Roads Sanitation District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hampton Roads Sanitation District, a component unit of the Commonwealth of Virginia ("HRSD"), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise HRSD's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of HRSD, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"). Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of HRSD, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HRSD's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HRSD 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the HRSD 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HRSD's basic financial statements. The accompanying other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining custodial fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Statistical, and Other Supplemental Sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of HRSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HRSD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HRSD's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
October 23, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This narrative overview and analysis of the financial activities of the Hampton Roads Sanitation District (HRSD) for the fiscal years ended June 30, 2023 and 2022, is provided by HRSD's management. Readers of the accompanying financial statements are encouraged to consider this information in conjunction with that furnished in the transmittal letter, which can be found on pages 1 through 2 of this report.

FINANCIAL HIGHLIGHTS

- Total net position increased by $117.5 million, or 11.1 percent, in 2023 as a result of fiscal year 2023 operations. Total net position increased by $108.7 million, or 11.4 percent in fiscal year 2022.
- Fiscal year 2023 total revenues increased by $37.9 million, or 10.4 percent, mainly due to a $30.0 million increase in operating revenues generated from an increase in wastewater treatment rates and a $7.7 million increase in investment income primarily due to higher interest rates. Fiscal year 2022 reflected a total revenues increase of $25.6 million, or 7.5 percent. This increase was mainly due to a $28.2 million increase in operating revenues generated from an increase in wastewater treatment rates with a slight offset of $2.1 million decrease in investment income primarily due to market volatility and the effect of rising interest rates on fixed income securities.
- Operating expenses increased by $23.8 million, or 10.2 percent in fiscal year 2023. Inflationary pressures drove increases of $3.8 million in chemical expenses, $3.1 million in utility costs, $1.8 million in bad debt expense, $3.0 million in general materials, and $5.1 million in major repair expenses. Wage and position increases created a $5.2 million increase in salary and benefits. For fiscal year 2022, operating expenses decreased by $0.6 million, or 0.3 percent, due to a $3.0 million decrease in general operating expenses offsetting a $1.3 million increase in wastewater treatment expenses and a $1.1 million increase in depreciation and amortization.
- Restricted cash and cash equivalents increased $0.7 million, or 2.1 percent, in fiscal year 2023 due to an increase in cash restricted for debt service. Unrestricted cash and cash equivalents decreased $14.6 million, or 6.5 percent, primarily due to the utilization of cash funds to support capital construction projects. Fiscal year 2022 reflected an increase in restricted cash and cash equivalents of $2.7 million, or 8.8 percent, due to an increase in cash restricted for debt service. Unrestricted cash and cash equivalents increased $35.1 million, or 18.4 percent, primarily due to utilizing debt to fund capital construction projects in FY22.
- Net Property, Plant and Equipment increase of $297.2 million, or 17.3 percent, due to $284.7 million net increase in capital projects in progress, $8.0 million increase in land acquisitions, and a $4.6 million increase in net depreciable assets for fiscal year 2023. Fiscal year 2022 reflected a net Property, Plant and Equipment increase of $110.3 million, or 6.9 percent, due to $25.3 million net increase in depreciable assets, $12.5 million increase in land purchases and $72.5 million increase in capital improvement projects in process.

OVERVIEW OF FINANCIAL STATEMENTS

HRSD's Basic Financial Statements are comprised of the financial statements and the notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the Basic Financial Statements.

The Basic Financial Statements, found on pages 20 through 25 of this report, are designed to provide readers with a broad overview of HRSD's finances in a manner similar to a private sector business.

The Statements of Net Position, found on pages 20 and 21 of this report, present information on all of HRSD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the difference between these components is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of HRSD is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position, found on page 22 of this report, present all of HRSD's revenues and expenses, showing how HRSD's net position changed during the year. All changes in net position are reported as soon as the underlying event takes place, thus giving rise to the changes, regardless of the timing of the cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The Statements of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, found on pages 24 and 25, provide information on the control of assets for which HRSD has a fiduciary responsibility and the beneficiaries

with whom a fiduciary responsibility exists. These statements are required by accounting principles generally accepted in the United States of America (GAAP), as discussed in Notes 2 and 14.

The Notes to Financial Statements, found on pages 26 through 58 of this report, provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the Basic Financial Statements and the related notes, this report also presents certain required supplementary information concerning HRSD's progress in funding its obligations to provide pension and other postemployment benefits to its employees.

Required Supplementary Information can be found beginning on page 62 of this report.

FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of HRSD's financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $1.18 billion at June 30, 2023 and by $1.06 billion at June 30, 2022.

By far, the largest portion of HRSD's net position (83.4 percent and 78.6 percent at June 30, 2023 and 2022, respectively) reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets still outstanding. HRSD uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although HRSD's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, because the capital assets themselves cannot be liquidated to reduce these liabilities.

HRSD's net position is summarized in the following condensed Statements of Net Position as of June 30:

HRSD's Condensed Statements of Net Position

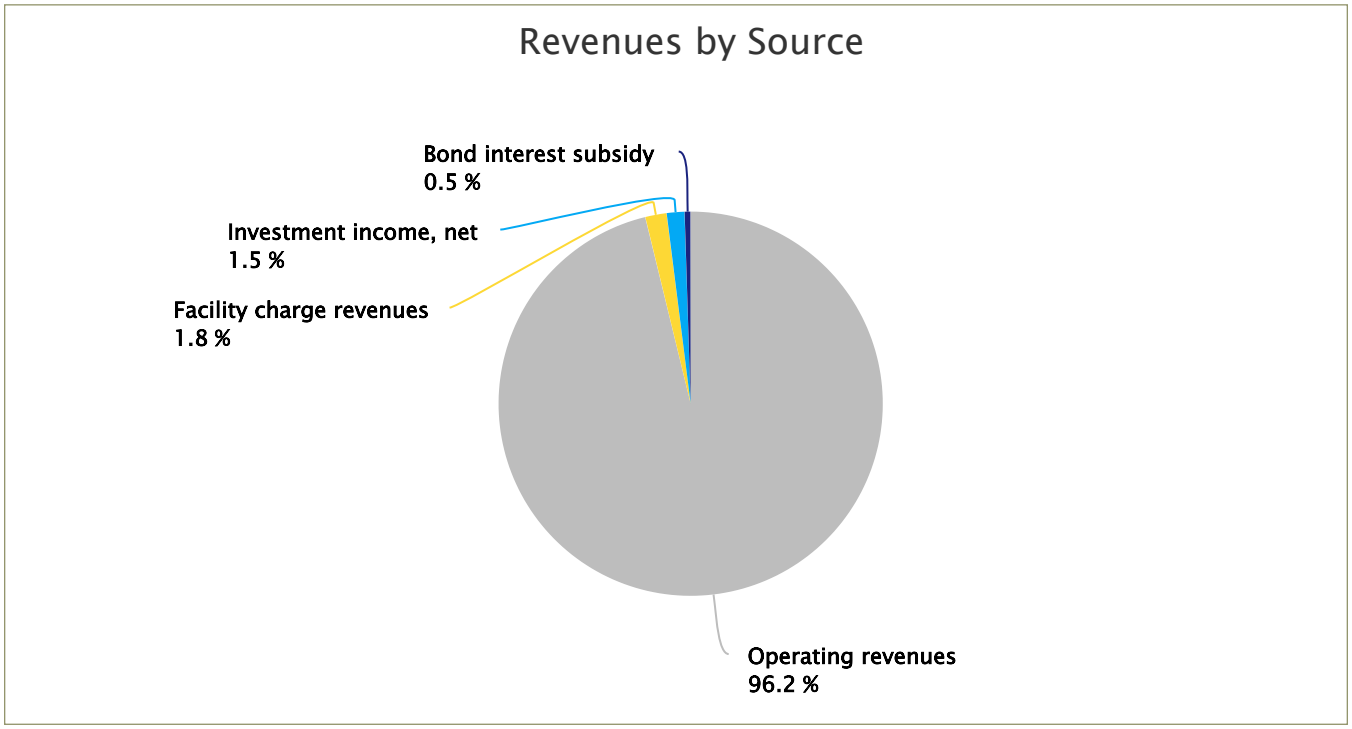
				2023 vs. 2022	
(in thousands)	2023	2022	2021	Dollars	Percent
Capital assets	$ 2,012,351	$ 1,715,108	$ 1,604,841	$ 297,243	17.3%
Current and noncurrent assets	334,314	346,767	311,141	(12,453)	(3.6%)
Total assets	2,346,665	2,061,875	1,915,982	284,790	13.8%
Deferred outflows of resources	37,522	42,611	42,277	(5,089)	(11.9%)
Long-term liabilities	917,223	796,272	794,371	120,951	15.2%
Current liabilities	271,225	211,670	195,162	59,555	28.1%
Total liabilities	1,188,448	1,007,942	989,533	180,506	17.9%
Deferred inflows of resources	18,717	37,060	17,902	(18,343)	(49.5%)
Net investment in capital assets	981,437	832,427	776,253	149,010	17.9%
Restricted for debt service	33,830	33,134	30,455	696	2.1%
Unrestricted	161,755	193,923	144,116	(32,168)	(16.6%)
Total net position	**$ 1,177,022**	**$ 1,059,484**	**$ 950,824**	**$ 117,538**	**11.1%**

The increase in capital assets is primarily due to the significant increase in construction in progress, most noticeably for major expansion projects at two of HRSD's treatment plants in both fiscal years 2023 and 2022.

The changes in HRSD's net position can be determined by reviewing the following condensed Statements of Revenues, Expenses and Changes in Net Position:

HRSD's Condensed Statements of Revenues, Expenses and Changes in Net Position

(in thousands)	2023	2022	2021	2023 vs. 2022 Dollars	2023 vs. 2022 Percent
Revenues:					
Operating revenues	$ 387,935	$ 357,946	$ 329,769	$ 29,989	8.4%
Facility charge revenues	7,293	7,072	7,379	221	3.1%
Investment income, net	6,068	(1,651)	471	7,719	467.5%
Bond interest subsidy	2,015	2,052	2,167	(37)	(1.8%)
Total revenues	**403,311**	**365,419**	**339,786**	**37,892**	**10.4%**
Operating expenses:					
Wastewater treatment	149,532	134,135	132,820	15,397	11.5%
General and administrative	53,995	45,673	48,691	8,322	18.2%
Depreciation and amortization	54,469	54,357	53,278	112	0.2%
Total operating expenses	**257,996**	**234,165**	**234,789**	**23,831**	**10.2%**
Non-operating expenses:					
Bond issuance costs	98	311	682	(213)	(68.5%)
Capital distributions to localities	2,422	13	376	2,409	18530.8%
Interest expense	27,132	25,007	25,339	2,125	8.5%
Total non-operating expenses	29,652	25,331	26,397	4,321	17.1%
Total expenses	**287,648**	**259,496**	**261,186**	**28,152**	**10.8%**
Income before capital contributions	115,663	105,923	78,600	9,740	9.2%
Capital contributions	1,875	2,737	2,317	(862)	(31.5%)
Change in net position	117,538	108,660	80,917	8,878	8.2%
Total net position - beginning	1,059,484	950,824	869,907	108,660	11.4%
Total net position - ending	**$ 1,177,022**	**$ 1,059,484**	**$ 950,824**	**$ 117,538**	**11.1%**



Operating revenues increased by $30.0 million, or 8.4 percent, in 2023 and by $28.2 million, or 8.5 percent, in 2022. The primary increases were due to wastewater rate increases each year of approximately 9.0%. Net Investment income increased $7.7 million in 2023, or 467.5 percent, primarily due to higher interest rates, compared to a $2.1 million decrease, or 450.5 percent, in 2022.

Operating expenses increased by $23.8 million, or 10.2 percent in 2023 and decreased $0.6 million, or (0.3) percent, in 2022. For the fiscal year ending June 30, 2023, inflationary pressures drove increases of $3.8 million in chemical expenses, $3.1 million in utility costs, $1.8 million in bad debt expense, $3.0 million in general materials, and $5.1 million in major repair expenses. Wage and position increases created a $5.2 million increase in salary and benefits. Decreases in fiscal year 2022 were due to a $1.3 million increase in wastewater treatment expenses, a $1.1 million increase in depreciation and amortization, and $3.0 million decrease in general and administrative expenses.

In 2023 and 2022, HRSD received $1.9 million and $2.7 million, respectively, in capital contributions to help finance its capital improvement program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 and 2022, HRSD had approximately $2.0 billion and $1.7 billion, respectively, invested in a broad range of capital assets, including land, wastewater treatment plants, interceptor systems, pump stations, administrative and maintenance buildings, equipment and software. These amounts represent a net increase of $297.2 million, or 17.3 percent in 2023 and a net increase of $110.3 million, or 6.9 percent in 2022.

The following summarizes HRSD's capital assets, net of accumulated depreciation, as of June 30:

HRSD's Capital Assets

(in thousands)	2023	2022	2021
Land	$ 64,198	$ 56,170	$ 43,658
Treatment plants	644,214	666,215	696,176
Interceptor systems	561,916	537,431	522,400
Buildings	44,022	43,553	26,021
Small community facilities	15,474	15,882	16,123
Office equipment	569	787	788
Automotive	3,481	1,368	1,715
Other equipment	38,158	38,116	13,999
Software and intangible assets	71	-	815
	1,372,103	1,359,522	1,321,695
Construction in progress	640,248	355,586	283,146
Net property, plant and equipment	**$ 2,012,351**	**$ 1,715,108**	**$ 1,604,841**

The following summarizes the changes in capital assets for the years ended June 30:

(in thousands)	2023	2022	2021
Balance at beginning of year	$ 1,715,108	$ 1,604,841	$ 1,457,955
Additions	67,050	92,184	207,603
Transfers/Retirements	-	(1,460)	-
Depreciation and amortization	(54,469)	(54,357)	(53,278)
Accumulated depreciation retired	-	1,460	-
Net increase (decrease) in construction in progress	284,662	72,440	(7,439)
Balance at end of year	**$ 2,012,351**	**$ 1,715,108**	**$ 1,604,841**

HRSD's total capital expenditures were $366.6 million during 2023 and $171.7 million during 2022. The continued capital improvements efforts for a transmission pipeline to serve the communities of the Eastern Shore of Virginia and the expansion projects at the James River and Nansemond Treatment Plants were the largest contributors to the increase in expenses. Similarly, fiscal year 2022 expenses were largely attributed to the same projects and the York River Treatment Plant Nutrient Reduction project.

Long Term Debt

The balance for HRSD's bonds outstanding (excluding unamortized bond premium) was $966.0 million at June 30, 2023, versus $851.9 million at fiscal year end 2022, a 13.39% increase year over year. Draws on existing approved bonds, or loans for which a liability is not recognized until utilized, in the amount of $153.7 million, were offset by payments on existing senior and subordinate debt, in the amount of $39.6 million. Unamortized bond premium as of June 30, 2023, was $13.7 million versus $16.5 million at fiscal year end 2022.

The following summarizes HRSD's outstanding debt principal at June 30:

HRSD's Outstanding Debt

(in thousands, excluding unamortized bond premiums)	2023	2022	2021
Senior revenue bonds	$ 165,093	$ 183,899	$ 198,670
Subordinate revenue bonds	800,930	668,031	616,533
Total outstanding debt	**$ 966,023**	**$ 851,930**	**$ 815,203**

HRSD's financial strengths are reflected in its high credit ratings listed below:

Ratings Agency	Senior Debt	Subordinate Long-term	Subordinate Short-term
Standard & Poor's	AA+	AA+	A-1+
Fitch Ratings	AA+	AA	F1+
Moody's Investors Service	Aa1	Aa1	n/a

The development of HRSD's Capital Improvement Program and its related debt programs are governed by revenue Trust Agreements. The Senior Trust agreement requires the senior debt coverage to be 1.2 times maximum annual debt service and total debt service coverage of 1.0 times maximum annual debt service, both on a Generally Accepted Accounting Principles basis. The Amended and Subordinate Trust agreement was amended in 2016 to account for future Consent Decree expenses related to wet weather-related infrastructure improvements that HRSD will not own: generally, these assets will be owned by the localities that HRSD serves. In the Amended Trust, Operating Expenses were redefined as shown below for the purposes of calculating an "Adjusted" debt service coverage on a cash basis:

> "Operating Expenses" as defined by the Enabling Act and as used in the Senior Trust Agreement, Operating Expenses includes the cost of maintaining, repairing and operating such system or systems or sewer improvements and to provide such reserves therefore as may be provided in the resolution providing for the issuance or such revenue bonds or in the trust agreement securing the same. As defined in the Subordinate Trust Agreement, Operating Expenses includes those expenses required to pay the cost of maintaining, repairing and operating the Wastewater System, including, but not limited to, reasonable and necessary usual expenses of administration, operation, maintenance and repair, costs for billing and collecting the rates, fees and other charges for the use of or the services furnished by the Wastewater System, insurance premiums, credit enhancement and liquidity support fees, legal, engineering, auditing and financial advisory expenses, expenses and compensation of the Trustee, and deposits into a self-insurance program. Operating Expenses shall exclude allowance for depreciation and amortization and expenditures for extraordinary maintenance or repair or improvements. Operating Expenses shall also exclude expenses for improvements that will not be owned by HRSD but which will, in the reasonable determination of the Commission, as evidenced by a resolution thereof, maintain or improve the integrity of the Wastewater System.

The Amended and Subordinate Trust agreement requires total debt service coverage to be 1.2 times current year debt service on an Adjusted basis. HRSD's Financial Policy and operating and capital improvement plans were developed with the intent to maintain coverage ratios in excess of these requirements. HRSD's Financial Policy requires senior debt service coverage to be 1.5 times and total debt service coverage to be 1.4 times.

	Senior Debt Service Coverage		Total Debt Service Coverage	
	GAAP	Adjusted	GAAP	Adjusted
Senior Trust Agreement	1.20x (MADS)	None	1.00x (MADS)	None
Amended Subordinate Trust Agreement	None	None	None	1.20x (Current Year)
Financial Policy	None	1.50x (Current Year)	None	1.40x (Current Year)

More detailed information regarding HRSD's capital assets and long-term debt is presented in Notes 5 and 9, respectively.

ECONOMIC FACTORS AND RATES

Average billed consumption continues to moderately decline most years as more efficient home appliances and industrial processes are utilized throughout the region. Billed consumption increased in 2021 during the pandemic but declined slightly in 2023 to a level comparable to 2018.

HRSD implemented a wastewater treatment rate increase for the 2023 fiscal year to fund its operations and capital investments. As HRSD continues to implement its $3.7 billion, 10-year capital improvement program, it seeks to maximize federal and state subsidized low interest borrowing programs and grant opportunities to lower costs to our customers.

CONTACTING HRSD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of HRSD's finances for all those with an interest. Questions concerning the information provided in this report or any requests for additional information should be addressed to the Deputy General Manager/CFO, 1434 Air Rail Avenue, Virginia Beach, Virginia 23455.

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

(in thousands)

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 148,295	$ 163,051
Cash and cash equivalents - restricted	33,830	33,134
Accounts receivable, net	60,081	59,493
Other current assets	3,029	2,860
TOTAL CURRENT ASSETS	245,235	258,538
NONCURRENT ASSETS		
Cash and cash equivalents	63,074	62,932
Inventory	26,005	25,297
	89,079	88,229
NET PROPERTY, PLANT AND EQUIPMENT		
Land	64,198	56,170
Treatment plants	1,474,641	1,464,740
Interceptor systems	793,863	754,692
Buildings	69,759	67,266
Small community facilities	26,094	25,936
Office equipment	45,353	45,353
Automotive	21,694	18,801
Other equipment	79,329	75,004
Software and intangible assets	40,155	40,074
	2,615,086	2,548,036
Less: Accumulated depreciation and amortization	1,242,983	1,188,514
	1,372,103	1,359,522
Construction in progress	640,248	355,586
NET PROPERTY, PLANT AND EQUIPMENT	2,012,351	1,715,108
TOTAL NONCURRENT ASSETS	2,101,430	1,803,337
TOTAL ASSETS	2,346,665	2,061,875
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on debt refunding, net	17,409	19,513
Differences between expected and actual experience:		
OPEB plans	8,582	6,518
Pension plan	127	261
Changes of assumptions:		
OPEB plans	215	208
Pension plan	4,064	7,406
Net difference between projected and actual earnings on:		
OPEB plans investments	3,037	4,778
Change in proportion, OPEB plans	54	75
Contributions subsequent to the measurement date:		
OPEB plans	442	411
Pension plan	3,592	3,441
TOTAL DEFERRED OUTFLOWS OF RESOURCES	37,522	42,611
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 2,384,187**	**$ 2,104,486**

See Accompanying Notes to Financial Statements

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2023 AND 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

(in thousands)

	2023	2022
CURRENT LIABILITIES		
Trade and contracts payable	$ 62,660	$ 53,237
Contract retention	17,105	5,859
Accrued salaries and wages	1,393	3,536
Current portion of bonds payable	45,561	42,609
Variable rate demand bonds	50,000	50,000
Notes payable	68,580	33,721
Current portion of compensated absences	8,611	6,495
Debt interest payable	8,492	8,602
Other liabilities	8,823	7,611
TOTAL CURRENT LIABILITIES	271,225	211,670
LONG-TERM LIABILITIES		
Compensated absences	1,484	1,723
Net OPEB liability	13,221	16,523
Net pension liability	18,337	2,163
Bonds payable	884,181	775,863
TOTAL LONG-TERM LIABILITIES	917,223	796,272
TOTAL LIABILITIES	1,188,448	1,007,942
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual experience:		
OPEB plans	4,101	4,739
Pension plan	459	761
Changes of assumptions, OPEB plans	5,925	1,663
Net difference between projected and actual earnings on:		
OPEB plans investments	219	843
Pension plan investments	7,857	29,013
Change in proportion, OPEB plans	156	41
TOTAL DEFERRED INFLOWS OF RESOURCES	18,717	37,060
NET POSITION		
Net investment in capital assets	981,437	832,427
Restricted for debt service	33,830	33,134
Unrestricted	161,755	193,923
TOTAL NET POSITION	1,177,022	1,059,484
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 2,384,187**	**$ 2,104,486**

See Accompanying Notes to Financial Statements

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 and 2022

(in thousands)

	2023	2022
OPERATING REVENUES		
Wastewater treatment charges	$ 383,115	$ 352,414
Miscellaneous	4,820	5,532
TOTAL OPERATING REVENUES	387,935	357,946
OPERATING EXPENSES		
Wastewater treatment	149,532	134,135
General and administrative	53,995	45,673
Depreciation and amortization	54,469	54,357
TOTAL OPERATING EXPENSES	257,996	234,165
OPERATING INCOME	129,939	123,781
NON-OPERATING REVENUES (EXPENSES)		
Wastewater facility charges	7,293	7,072
Investment income	6,068	(1,651)
Bond interest subsidy	2,015	2,052
Bond issuance costs	(98)	(311)
Capital distributions to localities	(2,422)	(13)
Interest expense	(27,132)	(25,007)
NET NON-OPERATING EXPENSES	(14,276)	(17,858)
INCOME BEFORE CAPITAL CONTRIBUTIONS	115,663	105,923
CAPITAL CONTRIBUTIONS		
State capital grants received	234	200
Other capital contributions	1,641	2,537
CAPITAL CONTRIBUTIONS	1,875	2,737
CHANGE IN NET POSITION	117,538	108,660
TOTAL NET POSITION - Beginning	1,059,484	950,824
TOTAL NET POSITION - Ending	**$ 1,177,022**	**$ 1,059,484**

See Accompanying Notes to Financial Statements

STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 and 2022

(in thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 379,539	$ 337,432
Cash received from CARES and ARPA	-	11,409
Other operating revenues	4,820	5,532
Cash payments to suppliers for goods and services	(138,487)	(120,651)
Cash payments to employees for services	(65,813)	(61,703)
Net cash provided by operating activities	180,059	172,019
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital distributions to localities	(2,422)	(13)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Wastewater facility charges	7,293	7,072
Acquisition and construction of property, plant and equipment	(329,699)	(173,292)
Proceeds from capital debt	188,540	90,377
Bond interest subsidy	2,015	2,052
Principal paid on capital debt	(39,588)	(35,228)
State capital grants	234	-
Other capital contributions	1,641	2,737
Bond issuance costs	(98)	(311)
Fees paid on interim financing	(1,159)	(202)
Interest paid on capital debt	(26,802)	(25,790)
Net cash used in capital and related financing activities	(197,623)	(132,585)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	6,068	(1,651)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS - RESTRICTED	(13,918)	37,770
CASH AND CASH EQUIVALENTS, AND CASH AND CASH EQUIVALENTS - RESTRICTED, AT BEGINNING OF YEAR	259,117	221,347
CASH AND CASH EQUIVALENTS, AND CASH AND CASH EQUIVALENTS - RESTRICTED, AT END OF YEAR	**$ 245,199**	**$ 259,117**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 129,939	$ 123,781
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	54,469	54,357
(Increase) decrease in operating assets:		
Accounts receivable	(588)	(2,363)
Inventory	(708)	(265)
Other current assets	(169)	1,759
Increase (decrease) in operating liabilities:		
Trade and contracts payable	(1,343)	1,930
Accrued salaries and wages	(2,143)	141
Compensated absences	1,877	(686)
Other liabilities	1,212	(309)
OPEB liabilities and related deferred inflows and outflows	(527)	(870)
Pension liabilities and related deferred inflows and outflows	(1,960)	(5,456)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 180,059**	**$ 172,019**
Noncash Capital and Related Financing Activities:		
Accrual for capital expenditures	$ 10,767	$ (5,749)
Amortization of premium	(2,822)	(3,261)
Amortization of deferred loss on bond refunding	2,104	2,204

See Accompanying Notes to Financial Statements

STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023 and 2022

(in thousands)

	OPEB (RHP) Trust Fund		Custodial Funds	
	2023	2022	2023	2022
ASSETS				
Cash and cash equivalents	$ 195	$ 4,189	$ 4	$ -
Investments at fair value				
Domestic equity	26,791	21,186	-	-
International equity	13,616	9,179	-	-
Fixed income	24,016	19,965	-	-
Other income	2,805	3,985	-	-
Real return	-	3,633	-	-
Total investments	67,228	57,948	-	-
TOTAL ASSETS	**$ 67,423**	**$ 62,137**	**$ 4**	**$ -**
NET POSITION				
Restricted for:				
Postretirement benefits for OPEB	67,423	62,137	-	-
Individuals, organizations and others	-	-	4	-
TOTAL NET POSITION	**$ 67,423**	**$ 62,137**	**$ 4**	**$ -**

See Accompanying Notes to Financial Statements

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 and 2022

(in thousands)

	OPEB (RHP) Trust Fund		Custodial Funds	
	2023	2022	2023	2022
ADDITIONS:				
Contribution from HRSD	$ 2,467	$ 2,260	$ -	$ -
Custodial Fund Additions	-	-	4	10,729
Net investment income (loss)	5,148	(9,730)	-	-
Total Additions (Deductions)	7,615	(7,470)	4	10,729
DEDUCTIONS:				
Benefit payments for participants	2,191	1,902	-	-
Investment related expenses	138	157		
Payments for customers	-	-	-	12,271
Total Deductions	2,329	2,059	-	12,271
Change in Net Position	5,286	(9,529)	4	(1,542)
Net Position - Beginning	62,137	71,666	-	1,542
NET POSITION - ENDING	**$ 67,423**	**$ 62,137**	**$ 4**	**$ -**

See Accompanying Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Organization and Administration

The Hampton Roads Sanitation District (HRSD) was created by the Virginia General Assembly in 1940, as a political subdivision of the Commonwealth of Virginia (the Commonwealth), to construct, maintain, and operate a wastewater treatment system in the Hampton Roads area. The Hampton Roads Sanitation District Commission (the Commission) is HRSD's governing body and consists of eight members, appointed by the Governor. The Commission's functions were updated by Chapter 66 of the Acts of the Assembly of Virginia of 1960, as amended. The administration of HRSD is under the direction of a General Manager, supported by eight department directors.

Regulatory Oversight

HRSD's operations are subject to regulations established by the United States Environmental Protection Agency and the Virginia Department of Environmental Quality. HRSD currently meets all of its permit requirements. Changes in these regulations could require HRSD to modify its treatment processes and require additional capital investment and/or incur additional costs.

Purpose of HRSD

HRSD was created for the specific purpose of abating pollution in the Hampton Roads area through the interception of wastewater outfalls, installation of interception service into new areas as necessary and providing treatment facilities. HRSD provides points of interception throughout the region. The responsibility of providing lateral sewers and subtrunk facilities to carry sewage from industries, residences and businesses is generally the responsibility of the local municipal governments.

Corporate Limits of HRSD

The geographical limits of HRSD include:

City of Chesapeake	City of Virginia Beach	King William County
City of Hampton	City of Williamsburg	Mathews County
City of Newport News	Accomack County	Middlesex County
City of Norfolk	Gloucester County	Northampton County
City of Poquoson	Isle of Wight County	Surry County*
City of Portsmouth	James City County	York County
City of Suffolk	King and Queen County	*Excluding the Town of Claremont

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

HRSD is a political subdivision of the Commonwealth and a government instrumentality. The Commission is granted corporate powers by the *Code of Virginia*. The Governor of the Commonwealth appoints the Commission members, who serve at his pleasure. HRSD is reported in the Commonwealth's Annual Comprehensive Financial Report as a discretely presented component unit. The Commonwealth is not obligated to repay HRSD's debt. HRSD derives its revenues primarily from charges for wastewater treatment services. HRSD has no taxing authority. The Retiree Health Plan, as further described under Postemployment Benefits Other Than Pensions in this note and in Note 7, is reported in the fiduciary fund financial statements and, since HRSD has assumed responsibility to make contributions to the plan, it is also reported as a fiduciary component unit.

Basis of Accounting

The accompanying financial statements report the financial position and results of operations of HRSD in accordance with accounting principles generally accepted in the United States of America (GAAP). Because HRSD is a

political subdivision of the Commonwealth, the preparation of HRSD's financial statements are governed by the pronouncements of the Governmental Accounting Standards Board (GASB). These statements are prepared on an enterprise fund basis and present HRSD's operating revenues and expenses in a manner similar to a private business, where the costs, including depreciation, of providing services to the general public on a continuing basis are financed or recovered primarily through user charges.

An enterprise fund, a proprietary fund type, is accounted for on an economic resources measurement focus. All assets and liabilities, whether current or noncurrent, associated with its activities are included on its Statements of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in fund equity. The financial statements are presented using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Budgetary Accounting and Control

HRSD operates in accordance with annual operating and capital budgets prepared on a basis of accounting that is different from generally accepted accounting principles. The operating budget is adopted by department, with budgetary controls exercised administratively by management at the department level. The General Manager is authorized to transfer funds among departments without further approval by the Commission. The Capital Budget represents a ten-year plan. Funds for the Capital Budget are appropriated throughout a fiscal year on a project basis. Transfers among projects require approval by the Commission. Appropriations for these budgets continue until the purpose of the appropriation has been fulfilled.

Fiduciary Activities

The accompanying financial statements for the fiscal years ended June 30, 2023 and 2022 include information on the Retiree Health Plan (RHP), one of HRSD's three postemployment benefits other than pensions (other postemployment benefits, or OPEB) plans, information on funds held by HRSD to apply toward customer accounts under the Coronavirus Aid, Relief, and Economic Securities Act (CARES), and information on funds held by HRSD to apply toward customer accounts under the American Recovery Plan Act (ARPA). The RHP plan is discussed in Note 7, and the CARES and the ARPA are discussed in Note 14.

Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to cash, and at the day of purchase, have an original maturity date of no longer than three months. Current restricted cash and cash equivalents are for debt service payments payable within the next year. Money market investments include the VACo/VML Virginia Investment Pool's (VIP) 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool, which are recorded at amortized cost, which approximates fair value. See Note 3 and Note 13 for additional discussion of cash and cash equivalent and investment valuations.

Investments

Investments, which consist of U.S. government obligations including agencies, FDIC-guaranteed corporate notes, other corporate notes and bonds, and municipal bonds, are reported at fair value. HRSD's investment practices are governed by its formal investment policy. The HRSD Retiree Health Plan (RHP) investments consist of domestic equity, international equity, fixed income, other income, real return funds and money market instruments. See Notes 3 and 7 for additional information on RHP investments.

Allowance for Uncollectible Accounts

HRSD provides an allowance for estimated uncollectible accounts receivable based on its bad debt experience. The balance in the allowance for uncollectible accounts is considered by management to be sufficient to cover anticipated losses on reported receivable balances.

Inventory

Inventory is carried at the lower of cost or market value and consists primarily of operating and maintenance materials.

Property, Plant and Equipment

HRSD funds its capital improvement program through the issuance of debt and its own resources. The proceeds of debt are reported as restricted assets. Generally, for projects funded with both debt proceeds and other resources, it is HRSD's policy to use available debt proceeds to pay project expenditures prior to using its own resources.

Property, plant and equipment purchased or constructed are reported at cost, including interest cost on funds borrowed to finance the construction of major capital additions. The capitalization threshold is $20,000. Donated

assets are reported at acquisition value at the date of donation. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Treatment plants, buildings and facilities	30 years
Interceptor systems	50 years
Office furniture and equipment	5-10 years
Software and intangible assets	5-7 years
Automotive	5 years

Depreciation and amortization recognized on property, plant and equipment is an operating expense.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and as such will not be recognized as an expense until then. HRSD has two types of deferred outflows reported: deferred outflows of resources from a deferred refunding, and deferred outflows of resources from pension and OPEB activities. The deferred outflows of resources relating to the deferred refunding is the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. Deferred outflow related to debt is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

Deferred inflows of resources represents an acquisition of net assets that applies to a future period and as such will not be recognized as a revenue until then. The HRSDs deferred inflows of resources consist of pension and OPEB activities.

Deferred outflows of resources and deferred inflows of resources related to pension and OPEB activity will be recognized in pension and OPEB expenses in future reporting periods.

Revenue Recognition

Generally, wastewater treatment charges are computed based on a user's water consumption. These charges are recognized as revenue when billed. Revenues earned but unbilled through June 30 of each fiscal year are accrued at year-end. Wastewater facility charges are computed based on a new connection's water meter size and potential for high strength pollutant discharges, and are recognized as revenue prior to the issuance of a building or operating permit.

Operating and Non-operating Revenues and Expenses Recognition

HRSD distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with HRSD's principal service of providing wastewater treatment. The majority of operating revenues are from wastewater treatment, but other associated miscellaneous income from other related services and charges are also included. Revenues and expenses not meeting the operating definition are reported as non-operating. These consist mainly of wastewater facility charges, investment income, capital contributions and interest expense.

Compensated Absences

All permanent employees earn leave upon starting a full-time position. The amount and type of leave earned is based upon the employee's date of hire and years of service and is expensed as employees earn the right to these benefits.

Permanent employees hired prior to January 1, 2014 earn from 15 to 27 days of annual leave per year. The maximum annual leave an employee may accumulate at year-end varies by the years of service, with the maximum being 54 days. An employee has a vested right to their annual leave when earned. These employees also earn eight hours per month of sick leave regardless of the number of years of service. The amount of sick leave that may be accumulated is unlimited. After five years of service with HRSD, an employee has vested rights to 35 percent of accumulated sick leave to a maximum of $10,000. For these employees, long-term disability (LTD) insurance is an optional employee paid benefit that replaces part of their income if the employee suffers a serious illness or injury and can't work for an extended period of time.

Permanent employees hired after January 1, 2014 earn 8 hours of paid time off for each two-week pay period. Employees may use accumulated paid time off for any type of absence from work, subject to supervisor approval.

The maximum paid time off an employee may accumulate at year-end is 480 hours. After five years of service with HRSD, an employee has vested rights to 50 percent of their accumulated paid time off at separation. For these employees, as required by state law, HRSD also provides a long-term disability (LTD) benefit since these employees are not eligible for disability retirement benefits through VRS. The long-term disability benefit provides income replacement for employees who become disabled and unable to work for an extended period of time due to a non-work-related or work-related condition (as determined under the Virginia Workers' Compensation Act). Long-term disability benefits begin at the expiration of an additional state mandated employer paid short-term disability (STD) benefit period of 125 days.

Postemployment Benefits Other Than Pensions (OPEB)

HRSD employees participate in three postemployment benefits other than pensions (other postemployment benefits or OPEB) plans:

The HRSD RHP is a single employer, defined benefit plan that provides health benefits for eligible members. HRSD administers the RHP through the Hampton Roads Sanitation District Retiree Health Trust. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the RHP and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHP. For this purpose, the RHP recognizes benefit payments when due and payable in accordance with the benefit terms.

The VRS Political Subdivision Health Insurance Credit Program (HIC) is a multiple-employer, agent-defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and the HIC OPEB expense, information about the fiduciary net position of the VRS HIC, and the additions to/deductions from the VRS HIC's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost sharing plan, that provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions

HRSD employees participate in an agent multiple-employer defined benefit pension plan administered by the VRS, which acts as a common investment and administrative agent for political subdivisions in the Commonwealth. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of HRSD's Retirement Plan and the additions to or deductions from HRSD's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported to HRSD by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's estimates.

New Accounting Pronouncement

HRSD implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs) effective July 1, 2022. The requirements of this Statement provides guidance on the accounting and financial

reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, included implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon review, HRSD concluded that SBITAs are immaterial and do not warrant disclosure.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits and investments

Custodial Credit Risk. This risk is associated with the inability of a governmental entity to recover deposits from a financial institution in the event of a failure. At June 30, 2023 and 2022, the carrying values of HRSD's deposits were $52,614,000 and $51,917,000. All of the bank balances at June 30, 2023 and 2022 were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the Act). In accordance with the Act, the depository institution pledged collateral in the form of federal obligations with a fair value equal to 110 percent of HRSD's deposits with a third party trustee in the name of the Treasurer of the Commonwealth. In the event that the banking institution fails, the Treasurer will take possession of the collateral, liquidate it and reimburse HRSD up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.

Credit Risk. HRSD invests in VACo/VML Virginia Investment Pool's (VIP) 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. Oversight is provided by the VACo/VML Board of Trustees. HRSD's investments in the VIP 1-3 Year High Quality Bond Fund and the VIP Stable NAV Liquidity Pool were rated AA+f/S1 and AAAm, respectively, by Standard & Poor's.

The components of cash and cash equivalents at June 30 are as follows:

(in thousands)	2023	2022
Current cash and cash equivalents:		
Cash deposits - unrestricted	$ 52,614	$ 51,917
VIP Stable NAV Liquidity - unrestricted	95,681	111,134
Total current cash and cash equivalents - unrestricted	148,295	163,051
VIP Stable NAV Liquidity - restricted	33,830	33,134
Noncurrent cash and cash equivalents:		
VIP 1-3 Year High Quality Bond Fund - unrestricted	63,074	62,932
Total cash and cash equivalents, and cash and cash equvalents - restricted	$ 245,199	$ 259,117
Total VIP Stable NAV Liquidity	$ 129,511	$ 144,268

HRSD OPEB Trust Investments

The HRSD OPEB Trust has investments in mutual funds, cash, and cash equivalents on deposit with its trustee, US Bank. Investments are reported at fair value. HRSD's OPEB investment practices are governed by its formal investment policy.

The plan had the following investments and maturities at June 30:

(in thousands)	2023	2022
Domestic equity	$ 26,791	$ 21,186
International equity	13,616	9,179
Fixed income	24,016	19,965
Other income	2,805	3,985
Real return	-	3,633
Money market	195	4,189
Total investments, cash and cash equivalents	**$ 67,423**	**$ 62,137**

Fixed income investments had an average maturity of 8.2 years and 7.74 years as of June 30, 2023 and 2022, respectively. The average credit quality was AA as of June 30, 2023, which was an increase from the average credit quality of A as of June 30, 2022. Other investments do not have a stated maturity or credit rating.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, HRSD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. HRSD's policy is to utilize its Trustee, U.S. Bank Trust Department, for its OPEB investments as recipient of all investment transactions on a delivery versus pay basis. The Trustees may not be a counterparty to the investment transaction. The Trust Department of the U.S. Bank held $67.06 million and $61.84 million in investments in the Trustee's name for HRSD at June 30, 2023 and 2022, respectively. Differences between value reported and U.S. Bank Trust valuation is a single security, Boyd Watterson. U.S. Bank Trust value is lagging as they update those funds when they receive notice.

NOTE 4 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

An analysis of the allowance for uncollectible accounts for the years ended June 30:

(in thousands)	2023	2022
Balance, beginning of year	$ 2,407	$ 2,684
Add: Current provision for uncollectible accounts	2,819	1,210
Less: Charge-off of uncollectible accounts	(2,670)	(1,487)
Balance, end of year	$ 2,556	$ 2,407

HRSD's collection ratios for the years ended June 30, 2023 and 2022 were 99.3% and 99.6%, respectively.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Analysis of property, plant and equipment activity for years ended June 30:

(in thousands)	Balance 2021	Additions	Transfers/ Retirements	Balance 2022	Additions	Transfers/ Retirements	Balance 2023
Non-Depreciable Capital Assets:							
Land	$ 43,658	$ 12,512	$ -	$ 56,170	$ 8,028	$ -	$ 64,198
Construction in progress	283,146	162,594	(90,154)	355,586	335,317	(50,655)	640,248
Depreciable Capital Assets:							
Treatment plants	1,460,238	4,502	-	1,464,740	9,901	-	1,474,641
Interceptor systems	725,600	29,092	-	754,692	39,171	-	793,863
Buildings	48,236	19,030	-	67,266	2,493	-	69,759
Small community facilities	25,625	311	-	25,936	158	-	26,094
Office equipment	45,049	304	-	45,353	-	-	45,353
Automotive	19,933	328	(1,460)	18,801	2,893	-	21,694
Other equipment	48,899	26,105	-	75,004	4,325	-	79,329
Software and intangible assets	40,074	-	-	40,074	81	-	40,155
Total	$ 2,740,458	$ 254,778	$ (91,614)	$ 2,903,622	$ 402,367	$ (50,655)	$ 3,255,334
Less Accumulated Depreciation and Amortization:							
Treatment plants	$ (764,062)	$ (34,463)	$ -	$ (798,525)	$ (31,902)	$ -	$ (830,427)
Interceptor systems	(203,200)	(14,061)	-	(217,261)	(14,686)	-	(231,947)
Buildings	(22,215)	(1,498)	-	(23,713)	(2,024)	-	(25,737)
Small community facilities	(9,502)	(552)	-	(10,054)	(566)	-	(10,620)
Office equipment	(44,261)	(305)	-	(44,566)	(218)	-	(44,784)
Automotive	(18,218)	(675)	1,460	(17,433)	(780)	-	(18,213)
Other equipment	(34,900)	(1,988)	-	(36,888)	(4,283)	-	(41,171)
Software and intangible assets -amortization	(39,259)	(815)	-	(40,074)	(10)	-	(40,084)
Total	(1,135,617)	(54,357)	1,460	(1,188,514)	(54,469)	-	(1,242,983)
Net Property, Plant and Equipment	$ 1,604,841	$ 200,421	$ (90,154)	$ 1,715,108	$ 347,898	$ (50,655)	$ 2,012,351

NOTE 6 - COMPENSATED ABSENCES

Analysis of liability for vested annual, sick, paid time off and compensatory leave for years ended June 30:

(in thousands)	Balance 2021	Earned	Taken	Balance 2022	Earned	Taken	Balance 2023
Annual leave	$ 5,663	$ 2,645	$ (3,011)	$ 5,297	$ 3,348	$ (3,005)	$ 5,640
Sick leave	2,864	1,263	(1,658)	2,469	2,240	(1,665)	3,044
Paid time off	377	1,901	(1,826)	452	3,299	(2,340)	1,411
Total	$ 8,904	$ 5,809	$ (6,495)	$ 8,218	$ 8,887	$ (7,010)	$ 10,095
Current liability	$ 5,765			$ 6,495			$ 8,611
Long-term liability	$ 3,139			$ 1,723			$ 1,484

NOTE 7 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

As discussed in Note 2, HRSD provides OPEB for its employees through three plans: the Hampton Roads Sanitation District RHP, a single employer defined benefit plan, and two plans administered by VRS, the GLI, a multiple employer cost-sharing plan, and the HIC, a multiple-employer, agent defined benefit plan.

RHP

The RHP was established and may be amended by the Commission. HRSD administers the RHP through the Hampton Roads Sanitation District Retiree Health Trust (the Trust), an irrevocable trust to be used solely for providing benefits to eligible retired employees and their beneficiaries (members) in the RHP. HRSD's contributions to the Trust are dedicated irrevocably to providing post-retirement health benefits, the RHP assets are exclusively dedicated to providing benefits to members, and the RHP assets of the Trust are not subject to the claims of HRSD creditors or the Plan administrator. Employer contributions are recorded in the year they are made. Investments are reported at market value based on published prices and quotations. The RHP does not issue stand-alone financial statements.

Eligible Employees

HRSD employees are eligible for benefits upon retirement provided the employee has 15 years of service with HRSD or 10 years of service with HRSD plus 10 years of service with another VRS employer with a retiree health plan; are qualified for unreduced retirement benefits from VRS; and are enrolled in the HRSD Health Insurance Plan prior to retirement. Participating beneficiaries may continue coverage under the plan after the death of the retiree. Medicare eligible participants are required to enroll in both Medicare Part A and Part B, and may participate in a Medicare supplement plan. Members not eligible for Medicare may participate in a high deductible health plan.

Benefits provided

The RHP health plan provides medical and prescription services using both in network and out of network providers through a self-funded plan administered by a third-party vendor. Members may elect to purchase dental and vision benefit plans at their own expense.

GLI

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS GLI upon employment. This plan is administered by the VRS, along with pensions and other OBEB plans.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits follows:

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the GLI Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Seatbelt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of retirement. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of the total life insurance benefit value at retirement.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for inflation was $8,722 as of June 30, 2022.

HIC

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This plan is administered by the VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Program OPEB, including eligibility, coverage and benefits follows:

Eligible Employees

The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating political subdivisions are enrolled automatically upon employment. They include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.

Benefit Amounts

The political subdivision's Retiree HIC Program provides the following benefits for eligible employees:

- At Retirement – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
- Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

HIC Program Notes:

- The monthly HIC benefit cannot exceed the individual premium amount.
- No HIC for premiums paid and qualified under the VRS Line of Duty Act Program (LODA), however, the employee may receive the credit for premiums paid for other qualified health plans.
- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2022 and 2021 actuarial valuation dates the following employees were covered by the benefit terms of the RHP:

	2022	2021
Beneficiaries currently receiving benefit payments	240	149
Active employees	702	743
Total	942	892

There are no inactive employees entitled to but not yet receiving plan benefits.

As of the June 30, 2021 and 2020 actuarial valuation dates the following employees were covered by the benefit terms of the HIC:

	2021	2020
Inactive members or their beneficiaries currently receiving benefit payments	267	261
Active employees	816	806
Total	1,083	1,067

Contributions

RHP contribution requirements are actuarially determined. Funding is subject to approval by the Commission. Medicare-eligible members contribute $45 per month for retiree-only coverage and from $442 to $460 per month for retiree and dependent coverage. Members not eligible for Medicare contribute $120 per month for retiree-only coverage and from $517 to $535 per month for retiree and dependent coverage. HRSD funds the cost of coverage under the RHP by paying the difference between the contributions it requires retirees to make and the actuarially determined contribution (ADC). The current employer contribution rate is approximately 5 percent of annual covered payroll. HRSD contributed $2,467,000 and $2,260,000 to the RHP for the years ended June 30, 2023 and 2022, respectively.

The GLI contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI from HRSD were $318,000 and $296,000 for the years ended June 30, 2023 and June 30, 2022, respectively.

The HIC contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. HRSD's contractually required employer contribution rate for the year ended June 30, 2023 was 0.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from HRSD to the Political Subdivision HIC Program were $124,000 and $115,000 for the years ended June 30,2023, and June 30, 2022, respectively.

RHP OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to RHP OPEB

HRSD recognized RHP OPEB expense of $2,274,000 and $1,569,000 for the years ended June 30, 2023 and 2022, respectively. HRSD reported deferred outflows of resources and deferred inflows of resources related to RHP OPEB from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2023:		
Differences between expected and actual experience	$ 8,313	$ 3,930
Changes in assumptions	-	5,627
Net diff between projected and actual earnings on plan investments	3,037	-
Total	$ 11,350	$ 9,557
Year ended June 30, 2022:		
Differences between expected and actual experience	$ 6,129	$ 4,716
Changes in assumptions	-	1,239
Net diff between projected and actual earnings on plan investments	4,778	-
Total	$ 10,907	$ 5,955

HRSD's measurement date is its fiscal year end so there are no deferred outflows of resources resulting from contributions subsequent to the measurement date. Other amounts reported as deferred outflows and inflows of resources related to RHP OPEB will be recognized in OPEB expense in future reporting periods as follows:

(in thousands) Years Ended June 30	2023	2022
2023	$ -	$ 566
2024	114	606
2025	149	641
2026	2,306	2,798
2027	(533)	(42)
2028	(439)	-
Thereafter	196	383
	$ 1,793	$ 4,952

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023 and 2022, HRSD reported liabilities of $3,035,000 and $3,058,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liabilities were measured as of June 30, 2022 and June 30, 2021 and the total GLI OPEB liabilities used to calculate the Net GLI OPEB Liability were determined by actuarial valuations as of those dates. The covered employer's proportion of the Net GLI OPEB Liability was based on HRSD's actuarially determined employer contributions to the Group Life Insurance Program for the years ended June 30, 2022 and 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022 and 2021, HRSD's proportion was 0.2521% and 0.2626%, respectively. For the years ended June 30, 2023 and 2022, HRSD recognized GLI OPEB expenses of $86,000 and $135,000, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023 and 2022, HRSD reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2023:		
Differences between expected and actual experience	$ 240	$ 122
Net diff bet projected and actual earnings on program investments	-	190
Change in assumptions	113	296
Changes in proportion	54	156
Employer contributions subsequent to the measurement date	318	-
Total	$ 725	$ 764
Year ended June 30, 2022:		
Differences between expected and actual experience	$ 349	$ 23
Net diff bet projected and actual earnings on program investments	-	730
Change in assumptions	168	418
Changes in proportion	75	41
Employer contributions subsequent to the measurement date	296	-
Total	$ 888	$ 1,212

HRSD reported $318,000 and $296,000 as of June 30, 2023 and 2022, respectively, as deferred outflows of resources related to the GLI OPEB resulting from the HRSD's contributions subsequent to the measurement date which will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Years ending June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

(in thousands) Years ended June 30	2023	2022
2023	$ -	(141)
2024	(67)	(109)
2025	(71)	(113)
2026	(177)	(223)
2027	5	(34)
2028	(47)	-
	$ (357)	(620)

HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC OPEB

For the years ended June 30, 2023 and 2022, HRSD recognized HIC Program OPEB expense of $96,000 and $95,000, respectively. HRSD reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2023:		
Differences between expected and actual experience	$ 29	$ 49
Net diff bet projected and actual earnings on program investments	-	29
Change in assumptions	102	2
Employer contributions subsequent to the measurement date	124	-
Total	$ 255	$ 80
Year ended June 30, 2022:		
Differences between expected and actual experience	$ 40	$ -
Net diff bet projected and actual earnings on program investments	-	113
Change in assumptions	40	6
Employer contributions subsequent to the measurement date	115	-
Total	$ 195	$ 119

HRSD reported $124,000 for FY 2023 and $115,000 for FY 2022 as deferred outflows of resources related to the HIC OPEB resulting from HRSD's contributions subsequent to the measurement date which will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

(in thousands) Years ended June 30	2023	2022
2023	$ -	(8)
2024	13	(6)
2025	13	(7)
2026	(2)	(22)
2027	24	4
2028	3	-
	$ 51	$ (39)

Combined OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to RHP, GLI and HIC OPEB

For the years ended June 30, 2023 and 2022, HRSD reported deferred outflows of resources and deferred inflows of resources related to the RHP, GLI and HIC OPEB plans from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2023:		
Differences between expected and actual experience	$ 8,582	$ 4,101
Net diff bet projected and actual earnings on program investments	3,037	219
Changes in proportion	54	156
Change in assumptions	215	5,925
Employer contributions subsequent to the measurement date	442	-
Total	$ 12,330	$ 10,401
Year ended June 30, 2022:		
Differences between expected and actual experience	$ 6,518	$ 4,739
Net diff bet projected and actual earnings on program investments	4,778	843
Change in assumptions	75	41
Changes in proportion	208	1,663
Employer contributions subsequent to the measurement date	411	-
Total	$ 11,990	$ 7,286

HRSD reported $442,000 for FY 2023 and $411,000 for FY 2022 as deferred outflows of resources related to the OPEB plans resulting from HRSD's contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB Liability in the Fiscal Year ending June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plans will be recognized in HRSD's OPEB expense in future reporting periods as follows:

(in thousands) Years ended June 30	2023	2022
2023	$ -	$ 417
2024	60	491
2025	91	521
2026	2,127	2,553
2027	(504)	(72)
2028	(483)	383
Thereafter	196	-
	$ 1,487	$ 4,293

HRSD reported $2,456,000 for FY 2023 and $1,799,000 for FY 2022 as combined OPEB expenses related to the RHP, GI and HIC OPEB plans as follows:

(in thousands) Years ended June 30	2023	2022
RHP	2,274	1,569
GLI	86	135
HIC	96	95
Total OPEB	$ 2,456	$ 1,799

Actuarial Methods and Assumptions

The total RHP OPEB liabilities were based on actuarial valuations as of June 30, 2022 and 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement dates of June 30, 2023 and 2022.

Year Ended June 30, 2023:	
Inflation	2.5 percent
Salary increases, including inflation	2.5 percent
Investment rate of return	6.0 percent, net of investment expenses, including inflation
Mortality rates for the RHP are as follows:	
Healthy Retirees	Pub-2010 General Retirees Headcount-weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.
Disabled Retirees	Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.
Active Retirees	Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale.
Year Ended June 30, 2022:	
Inflation	2.5 percent
Salary increases, including inflation	2.5 percent
Investment rate of return	6.0 percent, net of investment expenses, including inflation
Mortality rates for the RHP are as follows:	
Healthy Retirees	Pub-2010 General Retirees Headcount-weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale.
Disabled Retirees	Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale.
Active Retirees	Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2019 Mortality Improvement Scale.

The total GLI and HIC OPEB liabilities were based on actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Year Ended June 30, 2022:	
Inflation	2.5 percent
Salary increases, including inflation	3.5 percent - 5.35 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

Mortality tables and assumptions for GLI and HIC are as follows:

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Year Ended June 30, 2021:	
Inflation	2.5 percent
Salary increases, including inflation	3.5 percent - 5.35 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

Mortality tables and assumptions for GLI and HIC are as follows:

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on RHP investments was determined using an economic building block approach that projects economic and corporate profit growth and takes into consideration the fundamental factors driving long-term real economic growth, our expectation for inflation, productivity, and labor force growth. The returns presented here are geometric return projections based on long-term capital market assumptions. The asset target allocations are governed by its formal investment policy. The best estimate of arithmetic real rates of return for each major asset class are summarized in the following tables:

Year Ended June 30, 2023

Asset Class (Strategy)	Target Allocation	Geometric Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Domestic Equity	39.00%	7.67%	2.99%
International Developed Equity	15.00%	7.52%	1.13%
International Emerging Markets Equity	6.00%	7.51%	0.45%
Core Fixed	20.00%	3.99%	0.80%
Investment Grade Corporate Debt	10.00%	5.03%	0.50%
Emerging Markets Debt	5.00%	5.24%	0.26%
High Yield	5.00%	5.66%	0.28%
Total	100.00%		6.41%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.91%

** The above allocation provides a one-year return of 8.91%. However, one-year returns do not take into account the volatility present in each of the asset classes so a rate of 6.0% is used.*

Year Ended June 30, 2022

Asset Class (Strategy)	Target Allocation	Geometric Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Domestic Equity	39.00%	7.60%	2.96%
International Developed Equity	15.00%	7.30%	1.10%
International Emerging Markets Equity	6.00%	7.70%	0.46%
Core Fixed	20.00%	3.90%	0.78%
Investment Grade Corporate Debt	10.00%	3.90%	0.39%
Emerging Markets Debt	5.00%	4.90%	0.25%
High Yield	5.00%	5.00%	0.25%
Total	100.00%		6.19%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.69%

** The above allocation provides a one-year return of 8.69%. However, one-year returns do not take into account the volatility present in each of the asset classes so a rate of 6.0% is used.*

The long-term expected rate of return on the GLI and HIC investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of GLI and HIC's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following tables:

Year Ended June 30, 2023 Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		** Expected arithmetic nominal return	7.83%

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.*

Year Ended June 30, 2022 Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP-Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		** Expected arithmetic nominal return	7.39%

** The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.*

Discount Rates

The discount rate used to measure the total OPEB liability for the RHP, as of June 30, 2023 and 2022, was 6.0%. The projection of cash flows used to determine the discount rate assumes that HRSD contributions will be made in accordance with the funding plan established by an independent actuarial review.

The discount rate used to measure the total GLI and HIC OPEB liability was 6.75% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal years ending June 30, 2022 and 2021, the rate contributed by the entity for the GLI and HIC OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021

on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI and HIC OPEB liability.

Change in Net OPEB Liability (Asset)

HRSD's net RHP OPEB liability (Asset) was measured as of June 30, 2023 and 2022, using a June 30, 2022 and 2021 valuation, which has been rolled forward to the June 30, 2023 and 2022 measurement dates.

RHP

(in thousands)	Total RHP OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net RHP OPEB Liability (Asset) (a) - (b)
RHP OPEB Liability (Asset) Balances at June 30, 2021	**$ 68,653**	**$ 71,666**	**$ (3,013)**
Changes for the year - Increase (Decrease):			
Service cost	1,435	-	1,435
Interest	4,052	-	4,052
Difference between expected and actual experience	2,303	-	2,303
Contributions - employer	-	2,260	(2,260)
Net investment income	-	(9,887)	9,887
Benefit payments, including refunds of employee contributions	(1,902)	(1,902)	-
Net changes	5,888	(9,529)	15,417
RHP OPEB Liability Balances at June 30, 2022	**$ 74,541**	**$ 62,137**	**$ 12,404**
Changes for the year - Increase (Decrease):			
Service cost	1,534	-	1,534
Interest	4,398	-	4,398
Changes of assumptions	(5,285)	-	(5,285)
Difference between expected and actual experience	3,617	-	3,617
Contributions - employer	-	2,467	(2,467)
Net investment income	-	5,148	(5,148)
Benefit payments, including refunds of employee contributions	(2,329)	(2,329)	-
Net changes	1,935	5,286	(3,351)
RHP OPEB Liability Balances at June 30, 2023	**$ 76,476**	**$ 67,423**	**$ 9,053**

RHP fiduciary net position as a percentage of the total RHP OPEB liability was 88.16% and 83.36% as of June 30, 2023 and 2022, respectively.

The net GLI OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement dates of June 30, 2022 and 2021, net OPEB liability amounts for the GLI Program are as follows:

GLI

(in thousands)	2022	2021
Total GLI OPEB Liability	$ 3,672,085	$ 3,577,346
Plan Fiduciary Net Position	2,467,989	2,413,074
Net GLI OPEB Liability	$ 1,204,096	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability:	67.21%	67.45%

The total GLI OPEB Liability is calculated by the VRS's actuary, and each plan's fiduciary net position is reported in VRS's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GAAP in VRS's notes to the financial statements and required supplementary information.

HRSD's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

HIC (in thousands)	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
HIC OPEB Liability Balances at June 30, 2020	**$ 2,145**	**$ 923**	**$ 1,222**
Changes for the year - Increase (Decrease):			
Service cost	28	-	28
Interest	140	-	140
Changes of assumptions	15	-	15
Difference between expected and actual experience	5	-	5
Contributions - employer	-	114	(114)
Net investment income	-	238	(238)
Benefit payments, including refunds of employee contributions	(137)	(137)	-
Administrative expense	-	(3)	3
Net changes	51	212	(161)
HIC OPEB Liability Balances at June 30, 2021	**$ 2,196**	**$ 1,135**	**$ 1,061**
Changes for the year - Increase (Decrease):			
Service cost	22	-	22
Interest	145	-	145
Changes of assumptions	88	-	88
Difference between expected and actual experience	(59)	-	(59)
Contributions - employer	-	115	(115)
Net investment income	-	2	(2)
Benefit payments, including refunds of employee contributions	(151)	(151)	-
Administrative expense	-	(2)	2
Other changes	-	9	(9)
Net changes	45	(27)	72
HIC OPEB Liability Balances at June 30, 2022	**$ 2,241**	**$ 1,108**	**$ 1,133**

Sensitivity of the Net OPEB Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following table presents the net RHP OPEB liability (asset) if it is calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current discount rate:

RHP Discount Rate	1% Decrease (5.00%)	Current Discount Rate (6.0%)	1% Increase (7.00%)
Net RHP OPEB Liability/(Asset) (in thousands)			
Year ended June 30, 2023	$ 20,800	$ 9,053	$ (435)
Year ended June 30, 2022	25,533	12,404	1,989

The following table presents the net RHP OPEB liability (asset) if it is calculated using a healthcare cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current healthcare cost trend rate:

RHP Ultimate Trend	1% Decrease (3.00%)	Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Net RHP OPEB Liability/(Asset) (in thousands)			
Year ended June 30, 2023	$ (1,772)	$ 9,053	$ 22,739
Year ended June 30, 2022	491	12,404	27,823

The following presents the net GLI OPEB liability using the discount rate of 6.75%, as well as what the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

GLI Discount Rate	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GLI Net OPEB Liability (in thousands)			
Year ended June 30, 2023	$ 4,417	$ 3,035	$ 1,919
Year ended June 30, 2022	4,467	3,058	1,919

The following presents the net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

HIC Discount Rate	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
HIC Net OPEB Liability (in thousands)			
Year ended June 30, 2023	$ 1,373	$ 1,133	$ 929
Year ended June 30, 2022	1,300	1,061	858

GLI Fiduciary Net Position and HIC Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program and Group Life Insurance Program's Fiduciary Net Position are available in the separately issued VRS 2022 *Annual Comprehensive Financial Report*. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

HRSD employees participate in an agent multiple-employer defined benefit pension plan administered by VRS. All full time, salaried permanent employees of HRSD are automatically covered by the Plan upon employment. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave and previously refunded service.

VRS administers three different benefit structures for covered employees – Plan 1, Plan 2 and the Hybrid Retirement Plan (HRP). The specific information for each plan is set out below:

- Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, and they were not vested as of January 1, 2013. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- The Hybrid Retirement Plan (HRP) combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window from January 1 through April 30, 2014. The employee's retirement benefit is funded through mandatory and voluntary contributions made by the employee and HRSD to both the defined benefit and the defined contribution components of the plan. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Members in Plan 1 and Plan 2 contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. HRSD makes a separate actuarially determined contribution to VRS for all covered employees. The retirement benefit for members in the HRP is funded through mandatory and voluntary contributions made by the member and HRSD to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Members in Plan 1 and Plan 2 earn creditable service for each month they are employed in a covered position, and vest when they have at least five years (60 months) of creditable service. Members in the HRP earn one month of service credit for each month they are employed in a covered position for the defined benefit component, and service credits are used to determine vesting for the employer contribution portion of the plan. HRP members are always 100% vested in the defined contributions they make, and upon retirement or leaving covered employment are eligible to withdraw employer contributions of 50%, 75%, or 100% after two, three, or four years of service, respectively.

The VRS Basic Benefit for Plan 1 and Plan 2 members, and the defined benefit component for HRP members, is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the HRP, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members in Plan 1 is 1.7%; in Plan 2 the multiplier is 1.7% for service earned, purchased or granted prior to January 1, 2013 and 1.65% after that date. The multiplier is 1% for members in the HRP. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5%; under Plan 2 and for the HRP defined benefit component, the COLA cannot exceed 3%. During years of no inflation or deflation there is no COLA adjustment. The VRS also provides death and disability benefits.

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2021 and 2020 actuarial valuation dates, the following employees were covered by the benefit terms of the pension plan:

	2021	2020
Number of:		
Retirees and Beneficiaries	434	418
Inactive Members Vested	112	108
Inactive Members Nonvested	161	160
Active Elsewhere in VRS	78	79
Active Employees	816	806
Total	1,601	1,571

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. HRSD's contractually required employer contribution rate for the year ended June 30, 2023 was 7.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

These rates, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from HRSD were $3,592,000 and $3,441,000 for the years ended June 30, 2023 and 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. For HRSD, the net pension liability was measured as of June 30,2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Actuarial Methods and Assumptions

The total pension liability for employees in HRSD's retirement plan was based on actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Year Ended June 30, 2022	
Inflation	2.5 percent
Salary increases, including inflation	3.5 percent to 5.35 percent
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality:	

Mortality rates:	
Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years·
Post-Retirement	Pub-2010 Amount Weighted Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set back 3 years.
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates- Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension system investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public equity	34.00%	5.71%	1.94%
Fixed income	15.00%	2.04%	0.31%
Credit strategies	14.00%	4.78%	0.67%
Real assets	14.00%	4.47%	0.63%
Private equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		** Expected arithmetic nominal return	7.83%

** The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

*** On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that system member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

(in thousands)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Pension Liability Balances at June 30, 2020	**$ 254,451**	**$ 215,335**	**$ 39,116**
Changes for the year - Increase (Decrease):			
Service cost	4,264	-	4,264
Interest	16,787	-	16,787
Changes of assumptions	6,599	-	6,599
Difference between expected and actual experience	(266)	-	(266)
Contributions - employer	-	3,453	(3,453)
Contributions - employee	-	2,569	(2,569)
Net investment income	-	58,456	(58,456)
Benefit payments, including refunds of employee contributions	(11,512)	(11,512)	-
Administrative expense	-	(147)	147
Other changes	-	6	(6)
Net changes	15,872	52,825	(36,953)
Pension Liability Balances at June 30, 2021	**$ 270,323**	**$ 268,160**	**$ 2,163**
Changes for the year - Increase (Decrease):			
Service cost	3,833	-	3,833
Interest	18,012	-	18,012
Difference between expected and actual experience	44	-	44
Contributions - employer	-	3,440	(3,440)
Contributions - employee	-	2,578	(2,578)
Net investment income	-	(140)	140
Benefit payments, including refunds of employee contributions	(14,637)	(14,637)	-
Administrative expense	-	(169)	169
Other changes	-	6	(6)
Net changes	7,252	(8,922)	16,174
Pension Liability Balances at June 30, 2022	**$ 277,575**	**$ 259,238**	**$ 18,337**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents HRSD's net pension liability using the discount rate of 6.75%, as well as what HRSD's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

Net Pension Liability (in thousands)	1% Decrease	Current Discount	1% Increase
Pension Discount Rate	(5.75%)	(6.75%)	(7.75%)
Year ended June 30, 2022	$ 57,843	$ 18,337	$ (13,498)
Year ended June 30, 2021	39,990	2,163	(28,835)

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

HRSD recognized pension expense/(income) of $1,631,000 and ($2,015,000) for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, HRSD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30, 2023:		
Differences between expected and actual experience	$ 127	$ 459
Changes of assumptions	4,064	-
Net diff bet projected and actual earnings on program investments	-	7,857
Employer contributions subsequent to the measurement date	3,592	-
Total	$ 7,783	$ 8,316
Year ended June 30, 2022:		
Differences between expected and actual experience	$ 261	$ 761
Changes of assumptions	7,406	-
Net diff bet projected and actual earnings on program investments	-	29,013
Employer contributions subsequent to the measurement date	3,441	-
Total	$ 11,108	$ 29,774

HRSD reported $3,592,000 and $3,441,000 as of June 30, 2023 and 2022, respectively, as deferred outflows of resources resulting from HRSD's contributions subsequent to the measurement date, which will be recognized as reductions of the Net Pension Liability in the years ended June 30, 2024 and 2023, respectively. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

(in thousands) Years ended June 30	2023	2022
2023	$ -	(3,594)
2024	(580)	(4,180)
2025	(1,909)	(5,510)
2026	(5,224)	(8,823)
2027	3,588	-
	$ (4,125)	$ (22,107)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9 – NOTES PAYABLE AND BONDS

Notes Payable

As of October 30, 2015, the District entered into a Credit Agreement with Bank of America, N.A. (the "Bank") to provide a revolving line of credit to provide interim financing or refinancing for costs of projects. Since that time, the Credit Agreement has been extended and amended, most recently as of June 30, 2022. As of June 30, 2023 and 2022, the District's revolving line of credit had a maximum commitment amount of $100,000,000. The June 30, 2022 line of credit matures June 30, 2025. The District may request the Bank to increase the maximum commitment on the line of credit to up to $300,000,000, subject to the Bank's approval, in its sole discretion. The District's obligation

to make payments under the Credit Agreement is a Junior Obligation within the meaning of the District's Trust Agreement, dated as of October 1, 2011, as amended and supplemented, between the District and The Bank of New York Mellon Trust Company, N.A., as trustee, and is expressly subordinate and junior to the Lien on Net Revenues Available for Debt Service (as defined in the Trust Agreement).

Interest on advances is payable monthly at a fluctuating rate per annum. Tax-exempt projects are payable at an interest rate equal to 80% of the Bloomberg Short-Term Bank Yield (BSBY) rate (for a one-month, three-month, or six-month period) plus 0.39% per annum. Taxable projects are payable at an interest rate equal to 100% of the BSBY rate plus 0.50% per annum.

At June 30, 2023 and 2022, HRSD owed $68,580,000 and $33,721,000 against the line of credit, respectively. At June 30, 2023 and 2022, HRSD had $31,420,000 and $66,279,000, respectively, available under the line of credit agreement. The agreement provides for certain actions to be taken in events of default including acceleration of payment of the line of credit balance, termination of the lender's commitment to make further advances, and increasing the interest rate in effect to a higher default rate until paid in full. The line of credit is recorded as Notes Payable in the Current Liabilities section of the Statements of Net Position.

Bonds

HRSD issues revenue bonds for various capital improvements including but not limited to wastewater treatment plants and interceptor system improvements. HRSD's principal outstanding balance (including unamortized bond premium) as of June 30, 2023 and 2022 was $575,134,000 and $601,587,000, respectively.

Included in the total outstanding bond balance, HRSD has $50 million outstanding in subordinate variable rate demand bonds, Series 2016B, utilized to partially finance its capital improvement plan. The bonds bear interest in either a Weekly Period or a Long-term Period. The bonds were initially issued in a Weekly Interest Period and bear interest at a varying interest rate until, at HRSD's option, they are converted to the Long-term Period. Liquidity to pay the purchase price of the bonds that are tendered and not remarketed is provided by HRSD. Maturities of the principal and interest for these bonds are shown in the following table as if held to maturity. The bonds are subject to optional redemption by HRSD prior to their maturity. Through June 30, 2023, the bonds have been successfully remarketed by the Remarketing Agent. The interest rate for the bonds at June 30, 2023 and 2022 was 2.21% and 0.67%, respectively. The 2023 rate was used to calculate interest maturity amounts shown below.

Virginia Resources Authority (VRA)

HRSD is indebted for bond issues payable to the VRA as administrator of the Virginia Water Facilities Fund. HRSD is required to adhere to and is in compliance with the rebate and reporting requirements of the federal regulations pertaining to arbitrage. HRSD's principal outstanding balance as of June 30,2023 and 2022, was $324,428,000 and $266,885,000, respectively.

Water Infrastructure Finance and Innovation Act (WIFIA)

The Water Infrastructure Finance and Innovation Act of 2014 (WIFIA) established the WIFIA program, a federal credit program administered by EPA for eligible water and wastewater infrastructure projects. The WIFIA implementation rule outlines the eligibility and other requirements for prospective borrowers. The construction completion eligibility timeline required HRSD to enter into a Master Financing Agreement (MFA) with the WIFIA program. The MFA sets all the requirement conditions of the projects that will be funded under this program. To comply with the construction schedule completion requirements, the program will be funded in multiple tranches. Each tranche will have terms determined at the time of closing. To date HRSD has closed Tranche 1 for $225,867,000 at 1.42% and Tranche 2 for $476,582,000 at 1.95%. The remaining balance of the MFA, $306,284,000, is planned to close in FY26. A liability is recognized when funds are drawn to reimburse HRSD for eligible expenses. During fiscal year 2023, HRSD has only drawn on WIFIA Tranche 1. The principal outstanding balance as of June 30, 2023, was $80,180,000. There was no outstanding balance as of June 30, 2022.

All bonds are secured by the revenues of HRSD and are payable over the duration of that issue. A summary of activity for the years ended June 30:

(in thousands)	Balance at 6/30/2021	Additions	Deductions	Balance at 6/30/2022	Additions	Deductions	Balance at 6/30/2023	Due within One year
Bonds								
Series-2019A	$ 202,690	$ -	$ (3,225)	$ 199,465	$ -	$ (3,275)	$ 196,190	$ 3,335
Series-2018A	19,450	-	(1,090)	18,360	-	(1,145)	17,215	1,205
Series-2017A	72,055	-	-	72,055	-	-	72,055	-
Series-2016A	92,635	-	(5,875)	86,760	-	(3,080)	83,680	3,235
Series-2016B VR	50,000	-	-	50,000	-	-	50,000	50,000
Series-2014A	58,460	-	(8,070)	50,390	-	(11,825)	38,565	12,430
Series-2009B	112,185	-	(4,170)	108,015	-	(4,305)	103,710	4,445
WIFIA								
WIFIA-Tranche1	-	-	-	-	80,180	-	80,180	-
VRA								
Senior bonds	28,025	-	(2,531)	25,494	-	(2,676)	22,818	2,725
Subordinate bonds	179,703	71,955	(10,267)	241,391	73,501	(13,282)	301,610	15,823
	815,203	71,955	(35,228)	851,930	153,681	(39,588)	966,023	93,198
Unamortized bond premiums	19,803	-	(3,261)	16,542	-	(2,822)	13,719	2,363
	835,006	71,955	(38,489)	868,472	153,681	(42,410)	979,742	95,561
Notes Payable	15,299	18,422	-	33,721	34,859	-	68,580	68,580
Total	$ 850,305	$ 90,377	$ (38,489)	$ 902,193	$ 188,540	$ (42,410)	$ 1,048,322	$ 164,141

Senior bonds outstanding at June 30, 2023:

(in thousands)	Issue Amount	Principal Outstanding Total	Current	Long-Term	Interest to Maturity	Interest Rates	Duration of Issue	Final Maturity
Series-2014A	$ 111,345	$ 38,565	$ 12,430	$ 26,135	$ 2,924	5.00%	15 years	July 1, 2025
Series-2009B	134,725	103,710	4,445	99,265	57,086	5.81% - 5.87%	30 years	November 1, 2039
VRA - Metering	13,431	6,126	770	5,356	450	1.80%	20 years	September 1, 2030
VRA - WTP	19,395	9,219	1,081	8,138	721	1.80%	20 years	March 1, 2031
VRA - NTP	9,989	4,760	559	4,201	372	1.80%	20 years	March 1, 2031
VRA - JRTP	5,727	2,713	315	2,398	242	2.05%	20 years	March 1, 2031
Total		$ 165,093	$ 19,600	$ 145,493	$ 61,795			

Maturities of senior bond principal and interest as of June 30, 2023:

(in thousands) June 30,	Principal	Interest
2024	$ 19,600	$ 7,942
2025	20,450	7,007
2026	20,671	6,030
2027	7,843	5,368
2028	8,086	5,021
2029 - 2033	37,588	19,541
2034 - 2038	34,925	9,947
2039 - 2043	15,930	939
	$ 165,093	$ 61,795

Subordinate revenue bonds outstanding at June 30, 2023:

(in thousands)	Issue Amount	Principal Outstanding			Interest to Maturity	Interest Rates	Duration of Issue	Final Maturity
		Total	Current	Long-term				
Series-2019A	$ 205,675	$ 196,190	$ 3,335	$ 192,855	$ 47,527	1.81% - 2.78%	20 Years	February 1, 2039
Series-2018A	63,185	17,215	1,205	16,010	5,162	5.00%	15 years	October 1, 2033
Series-2017A	83,485	72,055	-	72,055	36,534	3.50% - 5.00%	26 years	October 1, 2043
Series-2016A	246,845	83,680	3,235	80,445	25,033	3.00% - 5.00%	20 years	August 1, 2036
VRA - AB Generator	1,235	229	75	154	8	2.00%	20 years	April 1, 2026
VRA - Atlantic Expan	7,340	1,792	441	1,351	41	1.00%	20 years	February 1, 2027
VRA - Ches-Eliz Expan	40,330	9,790	2,411	7,379	222	1.00%	20 years	June 1, 2027
VRA - Williamsburg PS	1,605	437	95	342	11	1.00%	20 years	July 1, 2027
VRA - York River Expan	29,683	14,182	1,610	12,572	1,695	2.72%	20 years	March 1, 2031
VRA - BHTP	7,584	3,710	404	3,306	351	2.05%	20 years	September 1, 2031
VRA - ABTP	50,000	27,141	2,616	24,525	2,867	2.05%	20 years	September 1, 2032
VRA - Atlantic	6,318	3,592	341	3,251	221	1.15%	20 years	February 1, 2033
VRA - Huxley	3,868	3,500	183	3,317	386	1.20%	20 years	August 1, 2040
VRA - TP Dewatering	3,498	3,165	164	3,001	352	1.20%	20 years	October 1, 2040
VRA - BHTP Switchgear	7,619	6,871	384	6,487	1,069	1.85%	20 years	December 1, 2040
VRA - Deep Creek IFM	4,989	4,529	234	4,295	506	1.20%	20 years	December 1, 2040
VRA - Ferguson	866	736	31	705	205	2.70%	25 years	March 1, 2042
VRA - Group Loan	100,000	97,692	4,629	93,063	11,342	1.15%	22 years	March 1, 2042
VRA - Rodman	1,096	923	38	885	224	2.25%	25 years	June 1, 2043
VRA - ES*	-	18,008	-	18,008	3,862	1.30%	20 years	October 1, 2043
VRA - 2022 Projects*	-	40,868	-	40,868	12,064	1.30%	20 years	December 1, 2043
VRA - Lucas	2,949	2,593	93	2,500	811	2.65%	27 years	October 1, 2044
VRA - ATP	57,149	54,463	1,836	52,627	15,639	2.25%	30 years	March 1, 2046
VRA - Orcutt Ave	7,968	7,389	238	7,151	2,584	2.85%	30 years	February 1, 2049
WIFIA-Tranche 1*	-	80,180	-	80,180	90,192	1.40%	40 years	April 1, 2060
Total Fixed Rate Bonds		750,930	23,598	727,332	258,908			
Series-2016B VR	50,000	50,000	50,000	-	25,610	Variable (2.21% at June 30,2023)	30 years	August 1, 2046
Total		$ 800,930	$ 73,598	$ 727,332	$ 284,518			

*These VRA and WIFIA bonds do not show an issue amount because the eligible loan balance has not been fully drawn as of June 30, 2023. The principal amounts reflected represent total draws as of June 30, 2023. The total eligible loan amount on these Subordinate VRA and WIFIA bonds is $325,866,000, of which $238,297,000 is available at June 30, 2023.

Maturities of subordinate bond principal and interest as of June 30, 2023:

(in thousands) June 30,	Principal	Interest
2024	$ 73,598	$ 21,460
2025	30,090	20,279
2026	31,141	20,680
2027	45,213	19,919
2028	42,956	18,832
2029 - 2033	226,050	76,683
2034 - 2038	188,625	45,605
2039 - 2043	72,362	27,296
2044 - 2048	16,136	19,679
2049 - 2053	74,759	14,085
	$ 800,930	$ 284,518

HRSD defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the fund's financial statements. At June 30, 2023, the following defeased bonds from advance refunding are still outstanding:

Defeased In	Original Issue	Amount	Redemption
2017	Series 2016A	$ 8,091,000	08/01/26
2019	Series 2014A	36,260,000	07/01/24
2019	Series 2016A	24,389,000	08/01/26
2019	Series 2016A	111,328,000	08/01/26
2019	Series 2017A	11,772,000	10/01/27
2019	Series 2018A	11,906,000	10/01/27
2019	Series 2018A	30,882,000	10/01/27
		$ 234,628,000	

NOTE 10 – NET POSITION

Restricted Portion of Net Position

Restricted for debt service. HRSD's Trust Agreement requires that funds be set aside for its revenue bond debt service. At June 30, 2023 and 2022, $33,830,000 and $33,134,000, respectively, were contained in the unrestricted net position.

Reserved Portion of Unrestricted Net Position

Reserved for Improvement. HRSD's Master Trust Agreement requires a reserve for improvements. There is no specific funding mechanism established by the Trust Agreement. At June 30, 2023 and 2022, $194,000 and $178,000, respectively, was contained in the unrestricted net position. HRSD was in compliance with all funding requirements of this reserve during the fiscal years ended June 30, 2023 and 2022.

Reserved for Construction. A reserve for the construction program is based on funds designated by HRSD's Commission for such purposes. At June 30, 2023 and 2022, $3,115,000 and $32,535,000, respectively, was contained in the unrestricted net position.

NOTE 11 - RISK MANAGEMENT

HRSD is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; employee dishonesty; injuries to employees; and natural disasters. HRSD purchases commercial insurance for specific types of coverage including property, liability, auto, crime, public officials and workers' compensation. There were no significant reductions in insurance coverage from the prior year. Claim settlements and judgments not covered by commercial insurance are covered by operating resources. The amount of settlements did not exceed insurance coverage for each of the past three years. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

HRSD has a self-insured health, dental and vision care benefits program for all employees. Claims processing and payments for all health care claims are made through third-party administrators. HRSD uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance reserves. Hospitalization Reserve is included in Other Liabilities in the Current Liabilities section of the Statements of Net Position.

(in thousands)	Beginning of Fiscal Year	Estimated Claims Incurred	Claims Paid	End of Fiscal Year
2022	$ 4,777	$ 16,503	$ (16,644)	$ 4,636
2023	4,636	16,390	(15,929)	5,097

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Consent Decree

On December 19, 2014, the Commonwealth of Virginia entered into a long-term State Consent Agreement (the "2014 Consent Agreement") with 14 of the localities that HRSD serves. The 2014 Consent Agreement requires the localities to perform long-term management, operations and maintenance of their sewer systems in support of HRSD's efforts to provide long-term regional wet weather wastewater capacity. HRSD is not a party to the 2014 Consent Agreement. Instead, HRSD's obligation to provide regional wet weather sewer capacity is now memorialized in its federal consent decree (the "Consent Decree"). HRSD entered into the Consent Decree with the Commonwealth and the United States Environmental Protection Agency ("EPA").

The Consent Decree was entered by the federal district court for the Eastern District of Virginia (the "District Court") on February 23, 2010. The Consent Decree has been amended five times, most recently on February 8, 2022 (the "Amended Consent Decree"). A sixth amendment, which is expected to reorder and/or revise certain projects (with no change in overall program cost) is expected to be entered by December 31, 2023.

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

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

Capital Commitments

HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2023, HRSD has outstanding commitments for contracts in progress of approximately $1.3 billion.

NOTE 13 – FAIR VALUE MEASUREMENTS

HRSD categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Debt securities reported as investments are classified in Level 2 of the fair value hierarchy and are valued using the following approaches:

- U.S. Treasury securities are valued using quoted prices for identical or similar securities.
- All other investments are valued based on matrix pricing using observable data of securities with similar attributes.

Investments reported as cash and cash equivalents are not included of the fair value hierarchy and are valued using the following:

- The Virginia Investment Pool Trust Fund (the "Trust" or "VIP") is an Internal Revenue Code Section 115 governmental trust fund created under the Joint Exercise of Powers statue of the Commonwealth of Virginia to provide political subdivisions with an investment vehicle to pool their funds and to invest such funds into two or more investment portfolios under the direction and daily supervision of a professional fund manager. The Trust was established and created by the City of Chesapeake, Virginia, and the City of Roanoke, Virginia (the "Founding Participants") and operates under the Trust Agreement as amended September 23, 2016. All deposits to VIP initially go into the Stable NAV Liquidity Pool, which serves both as a liquidity pool and as a sweep account for the 1-3 Year High Quality Bond Fund. HRSD's total investment in VIP 1-3 Year High Quality Bond Fund was $63.07 million (valued at amortized cost) and $62.93 million, as of June 30, 2023 and 2022, respectively. HRSD's total investment in VIP's Stable NAV Liquidity Pool (valued at amortized cost) was $129.51 million and $144.27 million as of June 30, 2023 and 2022, respectively. See Note 3 for additional information.

HRSD OPEB Trust Investments

The HRSD OPEB Trust has investments in mutual funds, cash, and cash equivalents on deposit with its trustee, U.S. Bank. HRSD categorizes its fair value measurements within the fair value hierarchy consistent with the approach described above.

(in thousands)

Balance at June 30, 2023	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments by Fair Value Level				
Mutual Funds - Equity	$ 40,407	$ 34,319	$ 6,088	$ -
Mutual Funds - Fixed Income	24,016	4,760	19,256	-
Other Income	2,805	-	-	2,805
Total Investments by Fair Value Level	$ 67,228	$ 39,079	$ 25,344	$ 2,805
Cash Equivalents Measured at Net Asset Value				
First American Government Obligation	195			
Fiduciary Net Position of HRSD's OPEB	$ 67,423			

Balance at June 30, 2022	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments by Fair Value Level				
Mutual Funds - Equity	$ 32,190	$ 25,807	$ 6,383	$ -
Mutual Funds - Fixed Income	21,204	3,836	17,368	-
Miscellaneous	1,811	-	1,811	-
Other Income	2,743	-	-	2,743
Total Investments by Fair Value Level	$ 57,948	$ 29,643	$ 25,562	$ 2,743
Cash Equivalents Measured at Net Asset Value				
First American Government Obligation	4,189			
Fiduciary Net Position of HRSD's OPEB	$ 62,137			

Additional information about HRSD's OPEB Plan is in Notes 3 and 7.

NOTE 14 - FIDUCIARY ACTIVITIES

As discussed in Note 2, HRSD has prepared fiduciary fund financial statements for the fiscal years ended June 30, 2023 and 2022. The statements include information on HRSD's Retiree Health Plan (RHP), one of HRSD's three postemployment benefits other than pensions (other postemployment benefits, or OPEB) plans, and information on funds held by HRSD to apply toward customer accounts.

Retiree Health Plan

Detailed information related to HRSD's Retiree RHP is included in Notes 2, 3, 7 and 13 and in the Required Supplementary Information section of the Annual Comprehensive Financial Report. The RHP meets the requirements of GAAP for inclusion in the fiduciary fund financial statements. HRSD's other two OPEB plans are administered by VRS so do not qualify for inclusion. The RHP had total assets of $67.4 million and $62.1 million as of June 30, 2023 and 2022, respectively, which are restricted to providing postretirement benefits for plan participants.

Coronavirus Aid, Relief, and Economic Securities Act

In response to the COVID-19 pandemic disaster, the United States federal government enacted the Coronavirus Aid, Relief, and Economic Securities Act of 2020 (CARES Act) to provide funding for numerous programs to address the COVID-19 pandemic disaster, providing assistance to states, local, territorial, and tribal governments for direct impacts of the COVID-19 pandemic disaster through the establishment of the Coronavirus Relief Fund (CRF). Consistent with the CARES Act, the Commonwealth of Virginia established a COVID-19 Utility Relief Program (Program) to provide direct assistance to utility customers with accounts over 30 days in arrears.

HRSD had no remaining federal CARES Act funds to be distributed in the fiscal year ended June 30, 2023. During the fiscal year ending June 30, 2022, HRSD applied $1.6 million funds received from federal CARES Act to the accounts of customers who qualified for relief under the terms of the Program. The City of Norfolk, Virginia, and James City Service Authority (the partner localities) served as pass-through agents for funds distributed through the Commonwealth of Virginia's State Corporation Commission.

American Recovery Plan Act

In further response to the COVID-19 pandemic disaster, the United States federal government enacted the American Recovery Plan Act of 2021 (ARPA) to provide funding for numerous programs to address the COVID-19 pandemic disaster, providing assistance to states, local, territorial, and tribal governments for direct impacts of the COVID-19 pandemic disaster through the establishment of the Coronavirus Relief Fund (CRF). Consistent with ARPA, the Commonwealth of Virginia established the State and Local Fiscal Recovery Funds (SLFRF) of ARPA to provide direct assistance to utility customers with accounts over 60 days in arrears.

During the fiscal year ended June 30, 2023, HRSD did not receive any additional federal SLFRF-ARPA funds but, in accordance with regulations, recorded funds that were returned to the fund, $4 thousand, that had been previously distributed. As of June 30, 2022, HRSD had applied $10.3 million to the accounts of customers who qualified for relief under the terms of the Program. HRSD returned $0.4 million of unexpended funds to the Commonwealth in a timely manner in accordance with SLFRF-ARPA Rules. The City of Norfolk, Virginia, (the partner locality) served as the pass-through agent for funds distributed through the Commonwealth of Virginia's State Corporation Commission.

NOTE 15 - SUBSEQUENT EVENTS

In October 2015, HRSD entered into a line of credit (LOC) agreement with a bank for $90 million. Pursuant to the First Amendment to the Second Amended and Restated Credit Agreement, dated August 31, 2023 the maximum outstanding authorization on the LOC was increased to $200 million. As of June 30, 2023, there was $68,580,000 outstanding on this credit facility.

Required Supplementary Information (Unaudited)





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INDEX TO REQUIRED SUPPLEMENTARY INFORMATION

In accordance with the Governmental Accounting Standards Board, the following information is required to accompany the Basic Financial Statements.

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Schedule of Changes in Net Liability and Schedule of Employer OPEB Contributions for each of HRSD's three OPEB plans: RHP, GLI, and HIC	

Unaudited – See accompanying independent auditors' report

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

(in thousands)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	$ 3,833	$ 4,264	$ 4,229	$ 3,946	$ 3,825	$ 4,145	$ 4,025	$ 4,115	$ 3,943
Interest	18,012	16,787	16,223	15,598	14,953	14,750	13,872	13,559	12,906
Changes of benefit terms	-	6,599	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	7,378	-	(3,975)	-	-	-
Difference between expected and actual experience	44	(266)	(991)	760	(101)	(3,175)	2,980	(4,910)	-
Benefit payments, including refunds of employee contributions	(14,637)	(11,512)	(10,696)	(9,655)	(9,250)	(8,475)	(8,161)	(8,446)	(6,607)
Net change in total pension liability	7,252	15,872	8,765	18,027	9,427	3,270	12,716	4,318	10,242
Total pension liability - beginning	270,323	254,451	245,686	227,659	218,232	214,962	202,246	197,928	187,686
Total pension liability - ending (a)	$ 277,575	$ 270,323	$ 254,451	$ 245,686	$ 227,659	$ 218,232	$ 214,962	$ 202,246	$ 197,928
Plan fiduciary net position									
Contributions - employer	$ 3,440	$ 3,453	$ 2,897	$ 2,866	$ 3,710	$ 3,609	$ 4,083	$ 4,099	$ 4,114
Contributions - employee	2,578	2,569	2,538	2,468	2,424	2,351	2,286	2,314	2,267
Net investment income	(140)	58,456	4,115	13,739	14,451	21,526	3,062	7,807	23,313
Benefit payments, including refunds of employee contributions	(14,637)	(11,512)	(10,696)	(9,655)	(9,250)	(8,475)	(8,161)	(8,446)	(6,607)
Administrative expense	(169)	(147)	(142)	(137)	(125)	(124)	(109)	(107)	(125)
Other	6	6	(5)	(8)	(12)	(19)	(1)	(2)	1
Net change in plan fiduciary net position	(8,922)	52,825	(1,293)	9,273	11,198	18,868	1,160	5,665	22,963
Plan fiduciary net position - beginning	268,160	215,335	216,628	207,355	196,157	177,289	176,129	170,464	147,501
Plan fiduciary net position - ending (b)	$ 259,238	$ 268,160	$ 215,335	$ 216,628	$ 207,355	$ 196,157	$ 177,289	$ 176,129	$ 170,464
Net pension liability - ending (a) - (b)	$ 18,337	$ 2,163	$ 39,116	$ 29,058	$ 20,304	$ 22,075	$ 37,673	$ 26,117	$ 27,465
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	93.39%	99.20%	84.63%	88.17%	91.08%	89.88%	82.47%	87.09%	86.12%
Covered payroll (c)	$ 54,750	$ 54,107	$ 53,085	$ 51,336	$ 50,874	$ 49,286	$ 47,838	$ 47,674	$ 46,096
Net pension liability as a percentage of the covered payroll ((a)-(b))/(c)	33.49%	4.00%	73.69%	56.60%	39.91%	44.79%	78.75%	54.78%	59.58%

This schedule is presented to show information for 10 years. However, until a full ten-year trend is compiled, HRSD will present information for those years for which information is available.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 3,592,000	$ 3,592,000	$ -	$ 58,965,000	6.09%
2022	3,441,000	3,441,000	-	54,750,000	6.28%
2021	3,453,000	3,453,000	-	54,107,000	6.38%
2020	2,897,000	2,897,000	-	53,085,000	5.46%
2019	2,866,000	2,866,000	-	51,336,000	5.58%
2018	3,635,000	3,635,000	-	50,874,000	7.15%
2017	4,326,000	4,326,000	-	49,286,000	8.78%
2016	4,222,000	4,222,000	-	47,838,000	8.83%
2015	4,207,000	4,207,000	-	47,674,000	8.82%
2014	4,107,000	4,107,000	-	46,096,000	8.91%

Notes to Required Supplementary Information For the Year Ended June 30, 2023:

Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates:

Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/ Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Information pertaining to Pensions can be found in Notes 2 and 8 to the financial statements.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF CHANGES IN NET RHP OPEB LIABILITY (ASSET) AND RELATED RATIOS

(in thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$ 1,534	$ 1,435	$ 1,333	$ 1,345	$ 1,300	$ 1,260	$ 1,188
Interest	4,398	4,052	3,672	3,883	3,571	3,391	3,208
Changes in assumptions	(5,285)	-	-	(518)	(1,607)	-	-
Differences between expected and actual experience	3,617	2,303	2,930	(7,074)	3,302	-	-
Benefit payments, including refunds of employee contributions	(2,329)	(1,902)	(1,425)	(1,186)	(1,149)	(1,791)	(892)
Net change in total OPEB liability	1,935	5,888	6,510	(3,550)	5,417	2,860	3,504
Total OPEB liability - beginning	74,541	68,653	62,143	65,693	60,276	57,416	53,913
Total OPEB liability - ending (a)	$ 76,476	$ 74,541	$68,653	$ 62,143	$ 65,693	$ 60,276	$ 57,417
Plan fiduciary net position							
Contributions - employer	$ 2,467	$ 2,260	$ 1,963	$ 2,730	$ 2,993	$ 2,729	$ 2,558
Contributions - retirees	-	-	-	-	-	303	-
Net investment income	5,148	(9,887)	14,216	3,343	3,078	3,450	3,957
Benefit payments, including refunds of employee contributions	(2,329)	(1,902)	(1,425)	(1,186)	(1,149)	(1,791)	(892)
Administrative expense	-	-	-	-	-	(114)	(495)
Net change in plan fiduciary net position	5,286	(9,529)	14,754	4,887	4,922	4,577	5,128
Plan fiduciary net position - beginning	62,137	71,666	56,912	52,025	47,103	42,526	37,398
Plan fiduciary net position - ending (b)	$ 67,423	$ 62,137	$71,666	$ 56,912	$ 52,025	$ 47,103	$ 42,526
Net OPEB liability (asset) - ending (a) - (b)	$ 9,053	$ 12,404	$ (3,013)	$ 5,231	$ 13,668	$ 13,173	$ 14,891
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	88.16%	83.36%	104.39%	91.58%	79.19%	78.15%	74.07%
Covered payroll (c)	$ 58,965	$ 55,853	$55,731	$ 54,799	$ 52,070	$ 50,874	$ 49,286
Net OPEB liability (asset) as a percentage of the covered payroll ((a)-(b))/(c)	15.35%	22.21%	(5.41%)	9.55%	26.25%	25.89%	30.21%

This schedule is intended to show information for 10 years. However, until a full ten-year trend is compiled, HRSD will present information for those years for which information is available.

Notes to Required Supplementary Information For the Year Ended June 30, 2023:

Benefit changes		None
Changes of assumptions:		
	Mortality	Updated to the latest Society of Actuaries (SOA) public sector experience study rates.
	Medical Trend	Developed using the SOA Long-Run Medical Cost Trend Model baseline assumption. The prior valuations used the SOA model as updated in November 2016 and included the impact of the Cadillac Tax. The current valuation uses the model as updated in September 2019 and does not include the impact of the Cadillac Tax.
Discount rate	6/30/2019	6.00%

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF EMPLOYER RHP OPEB CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2023

Date	Actuarially Determined Contribution	Contribution in Relation to the Actuarially Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 1,606,000	$ 2,467,000	$ (861,000)	$ 58,965,000	2.72%
2022	1,828,000	2,260,000	(432,000)	55,853,000	3.27%
2021	1,858,000	1,963,000	(105,000)	55,731,000	3.33%
2020	2,730,000	2,730,000	-	54,799,000	4.98%
2019	2,993,000	2,993,000	-	52,070,000	5.75%
2018	2,729,000	2,729,000	-	50,874,000	5.36%
2017	2,558,000	2,558,000	-	49,286,000	5.19%
2016	2,178,000	2,178,000	-	47,838,000	4.55%
2015	2,177,000	2,177,000	-	47,674,000	4.57%
2014	2,244,000	2,244,000	-	46,096,000	4.87%

Notes to Required Supplementary Information For the Year Ended June 30, 2023:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, closed
Amortization period	An experience gain/loss base is created each year and amortized over a 15 year period
Asset valuation	Smoothed market value with phase-in, using a 5-year smoothing period
Assumed rate of inflation	2.20%
Medical cost trend:	
Pre Medicare	5.3%, stable at 5.3% after 3 years and decreasing to 3.6% after 53 years
Post Medicare	5.3%, stable at 5.3% after 3 years and decreasing to 3.4% after 53 years
Salary increase rate	2.50%
Investments rate of return	6.00%
Mortality rates:	
Healthy	RP-2014 Mortality Table, Fully Generational, Projected with Scale MP-2014
Pre Medicare	5.3%, stable at 5.3% after 3 years and decreasing to 3.6% after 53 years

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF EMPLOYER'S SHARE OF NET GLI OPEB LIABILITY AND RELATED RATIOS FOR THE MEASUREMENT DATES OF JUNE 30, 2017 THROUGH 2022

(in thousands)

	2022	2021	2020	2019	2018	2017
Employer's Proportion of the Net GLI OPEB Liability	0.2521%	0.2626%	0.25814%	0.26208%	0.26214%	0.26016%
Employer's Proportionate Share of the Net GLI OPEB Liability	$ 3,035	$ 3,058	$ 4,307	$ 4,265	$ 3,981	$ 3,915
Employer's Covered Payroll	$ 54,835	$ 54,222	$ 53,126	$ 51,376	$ 49,846	$ 47,987
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.53%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

This schedule is intended to show information for 10 years. However, until a full ten-year trend is compiled, HRSD will present information for those years for which information is available.

In accordance with GAAP, Net Liability is reported using the measurement date, which is one year prior to the reporting date.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF EMPLOYER GLI OPEB CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 318,000	$ 318,000	$ -	$ 58,965,000	0.54%
2022	296,000	296,000	-	54,835,000	0.54%
2021	293,000	293,000	-	54,222,000	0.54%
2020	276,000	276,000	-	53,126,000	0.52%
2019	267,000	267,000	-	51,376,000	0.52%
2018	259,000	259,000	-	49,846,000	0.52%
2017	250,000	250,000	-	47,987,000	0.52%
2016	246,000	223,000	23,000	46,417,000	0.53%
2015	244,000	221,000	23,000	46,082,000	0.53%
2014	240,000	217,000	23,000	45,283,000	0.53%

Notes to Required Supplementary Information For the Year Ended June 30, 2023:

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates:

Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/ Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Information pertaining to OPEB can be found in Notes 2 and 7 to the financial statements.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF CHANGES IN NET HIC OPEB LIABILITY (ASSET) AND RELATED RATIOS

(in thousands)

	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	$ 22	$ 28	$ 28	$ 26	$ 26	$ 27
Interest	145	140	137	134	130	129
Changes in assumptions	88	15	-	50	-	(22)
Differences between expected and actual experience	(59)	5	16	26	27	-
Benefit payments, including refunds of employee contributions	(151)	(137)	(129)	(124)	(133)	(94)
Net change in total OPEB liability	45	51	52	112	50	40
Total OPEB liability - beginning	2,196	2,145	2,093	1,981	1,931	1,891
Total OPEB liability - ending (a)	$ 2,241	$ 2,196	$ 2,145	$ 2,093	$ 1,981	$ 1,931
Plan fiduciary net position						
Contributions - employer	$ 115	$ 114	$ 111	$ 108	$ 95	$ 91
Net investment income	2	238	18	56	60	90
Benefit payments, including refunds of employee contributions	(151)	(137)	(129)	(124)	(133)	(94)
Administrative expense	(2)	(3)	(2)	(1)	(1)	(1)
Other	9	-	-	-	(5)	4
Net change in plan fiduciary net position	(27)	212	(2)	39	16	90
Plan fiduciary net position - beginning	1,135	923	925	886	870	780
Plan fiduciary net position - ending (b)	$ 1,108	$ 1,135	$ 923	$ 925	$ 886	$ 870
Net OPEB liability - ending (a) - (b)	$ 1,133	$ 1,061	$ 1,222	$ 1,168	$ 1,095	$ 1,061
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	49.44%	51.68%	43.03%	44.19%	44.72%	45.05%
Covered payroll (c)	$ 54,750	$ 54,107	$ 53,085	$ 51,336	$ 49,821	$ 47,987
Net OPEB liability as a percentage of the covered payroll ((a)-(b))/(c)	2.07%	1.96%	2.30%	2.28%	2.20%	2.21%

This schedule is intended to show information for 10 years. However, until a full ten-year trend is compiled, HRSD will present information for those years for which information is available.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information

SCHEDULE OF EMPLOYER HIC OPEB CONTRIBUTIONS FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2023

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$ 124,000	$ 124,000	$ -	$ 58,965,000	0.21%
2022	115,000	115,000	-	54,750,000	0.21%
2021	114,000	114,000	-	54,107,000	0.21%
2020	111,000	111,000	-	53,085,000	0.21%
2019	108,000	108,000	-	51,336,000	0.21%
2018	95,000	95,000	-	49,821,000	0.19%
2017	91,000	91,000	-	47,987,000	0.19%
2016	74,000	74,000	-	46,417,000	0.16%
2015	74,000	74,000	-	46,076,000	0.16%
2014	86,000	86,000	-	45,283,000	0.19%

Notes to Required Supplementary Information For the Year Ended June 30, 2023:

Changes of benefit terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows: actuarial assumptions as a result of the experience study are as follows:

Mortality rates:	
Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/ Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Information pertaining to OPEB can be found in Notes 2 and 7 to the financial statements.

Unaudited – See accompanying independent auditors' report and notes to required supplementary information



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Other Supplementary Information





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INDEX TO OTHER SUPPLEMENTARY INFORMATION

In accordance with Governmental Accounting Standards Board, the following information is required to accompany the Basic Financial Statements.

Contents **Page**

Fiduciary Reports - Custodial Funds **74**

Combining statements for HRSD's custodial funds: CARES and ARPA.

See accompanying independent auditors' report

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023 AND 2022

(in thousands)

	CARES Fund		ARPA Fund		Total Custodial Funds	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and cash equivalents	$ -	$ -	$ 4	$ -	$ 4	$ -
NET POSITION						
Restricted for Individuals, Organizations and Others	$ -	$ -	$ 4	$ -	$ 4	$ -

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

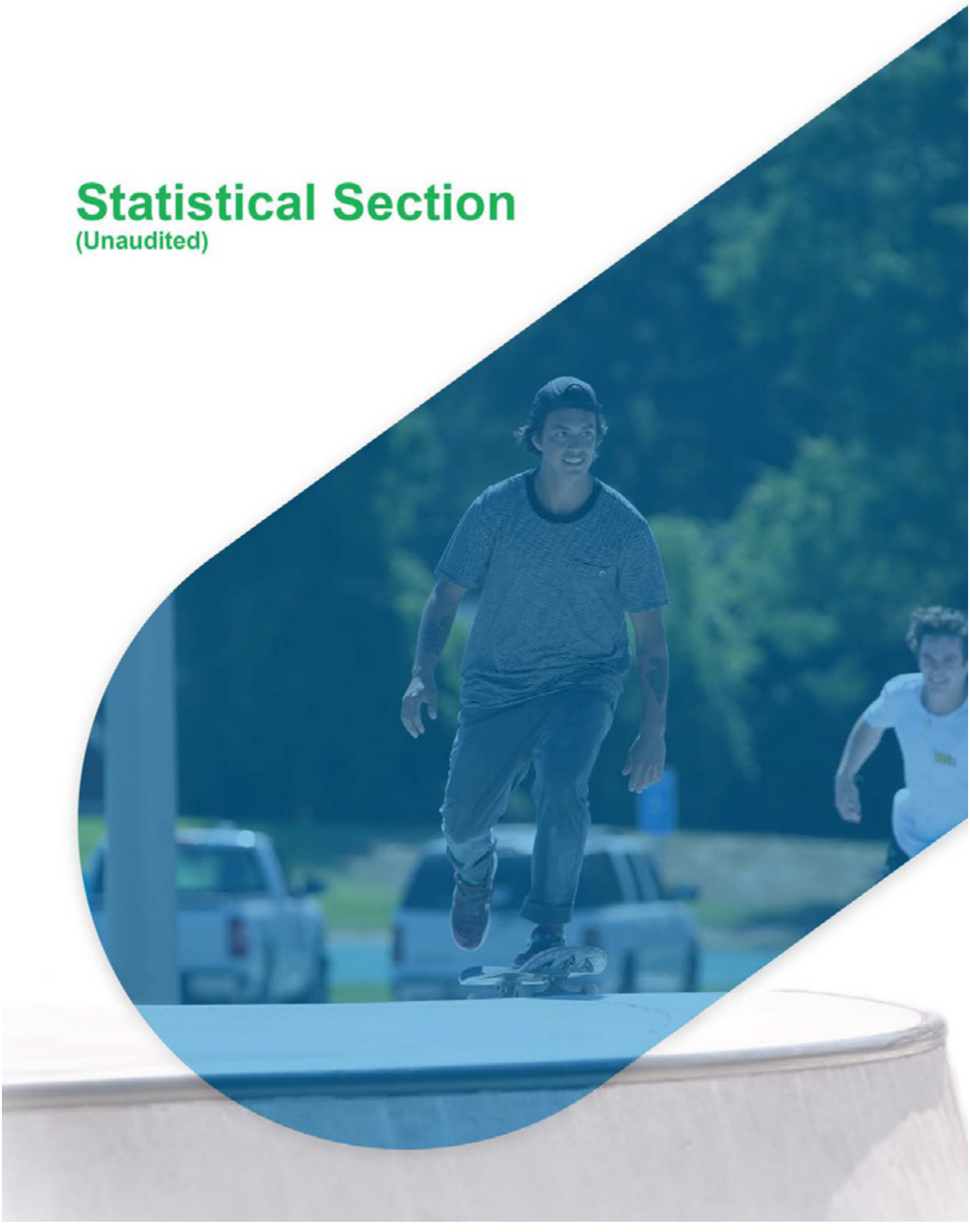
(in thousands)

	CARES Fund		ARPA Fund		Total Custodial Funds	
	2023	2022	2023	2022	2023	2022
ADDITIONS						
Custodial Fund Additions	$ -	$ 51	$ 4	$ 10,678	$ 4	$ 10,729
Total Additions	-	51	4	10,678	4	10,729
DEDUCTIONS						
Custodial Funds Disbursed to Customers	-	1,593	-	10,265	-	11,858
Custodial Funds Refunded	-	-	-	413	-	413
Total Deductions	-	1,593	-	10,678	-	12,271
Net change fiduciary net position	-	(1,542)	4	-	4	(1,542)
Net position - beginning	-	1,542	-	-	-	1,542
NET POSITION - ENDING	$ -	$ -	$ 4	$ -	$ 4	$ -



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Statistical Section
(Unaudited)





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INDEX TO STATISTICAL SECTION

This section of HRSD's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about HRSD's overall financial health.

Contents **Page**

Demographic and Economic Information **81**

This schedule offers demographic and economic indicators to help the reader understand the environment within which HRSD's financial activities take place and to help make comparisons over time and with other governments.

Financial Trends **82**

These schedules contain trend information to help the reader understand how HRSD's financial performance and well-being have changed over time.

Debt Capacity **85**

This schedule presents information to help the reader assess the affordability of HRSD's current levels of outstanding debt and HRSD's ability to issue additional debt in the future.

Revenue Capacity **86**

These schedules contain information to help the reader assess the factors affecting HRSD's ability to generate revenue from rate payers.

Operating Information **88**

These schedules contain information about HRSD's operations and resources to help the reader understand how HRSD's financial information relates to the services HRSD provides and the activities it performs.

Sources: Unless otherwise noted the information in these schedules is derived from the annual comprehensive financial reports and accounting records for the relevant year.

Unaudited – See accompanying independent auditors' report



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DEMOGRAPHIC AND OTHER MISCELLANEOUS STATISTICS FOR THE LAST TEN FISCAL YEARS

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Date of Incorporation - 1940											
Area in Square Miles (1)		4,998	4,998	4,998	3,087	3,087	3,087	3,087	2,808	2,808	2,808
Present Service Area in Square Miles (1)		766	766	766	758	758	758	758	672	672	672
Treatment Plants (Major) (2)		8	9	9	9	9	9	9	9	9	9
Treatment Plant Capacity (MGD)						-	-	-	-	-	-
Army Base, Norfolk		18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Atlantic, Virginia Beach		54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0	54.0
Boat Harbor, Newport News		25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Chesapeake-Elizabeth, Virginia Beach (2)		-	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
James River, Newport News		20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Nansemond, Suffolk		30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Virginia Initiative, Norfolk		40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Williamsburg, James City County		22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
York River, York County		15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Total Treatment Plants (Major) Capacity		224.5	248.5	248.5	248.5	248.5	248.5	248.5	248.5	248.5	248.5
Small Communities Treatment Plants		8	8	7	7	7	7	5	4	4	4
Small Communities Plant Capacity (MGD)											
Central Middlesex, Middlesex County		0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025	0.025
King William, King William County		0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Lawnes Point, Isle of Wight County (3)		0.050	0.050	0.050	0.050	0.050	0.050	0.050	-	-	-
Onancock, Accomack County(4)		0.750	0.750	-	-	-	-	-	-	-	-
Surry County, (5)		0.065	0.065	0.065	0.065	0.065	0.065	-	-	-	-
Town of Surry (5)		0.060	0.060	0.060	0.060	0.060	0.060	-	-	-	-
Urbanna, Middlesex County		0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
West Point, King William County		0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Total Small Communities Treatment Plants Capacity		1.750	1.750	1.000	1.000	1.000	1.000	0.875	0.825	0.825	0.830
Miles of Interceptor Systems		561	538	540	541	541	542	540	536	532	531
Interceptor Pump Stations		90	89	90	88	87	88	89	88	83	83
Small Communities Pump Stations		46	44	42	42	41	34	38	33	33	33
Maintenance Facilities		2	2	2	2	2	2	2	2	2	2
Number of Service Connections (in thousands)		486	484	481	478	476	473	470	467	465	462
Daily Average Treatment in Millions of Gallons		135	132	154	141	153	145	153	155	152	154
Bond Rating: Moody's	Senior	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa2	Aa2	Aa2	Aa2
	Subordinate Long-term	Aa1	Aa1	Aa1	Aa1	Aa2	Aa2	-	-	-	-
Bond Rating: Standard & Poor's	Senior	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AAA
	Subordinate Long-term	AA+	AA+	AA+	AA+	AA+	AA	AA	AA	AA	AA+
	Subordinate Short-term	A-1+	A-1+	A-1+	A-1+	A-1+	A-1+	A-1+	A-1+	A-1+	A-1+
Bond Rating: Fitch	Senior	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+	AA+
	Subordinate Long-term	AA	AA	AA	AA	AA	AA	AA	AA	AA	AA
	Subordinate Short-term	F1+	F1+	F1+	F1+	F1+	F1+	F1+	F1+	F1+	F1+

(1) HRSD added additional service areas in the counties of Isle of Wight and Surry during the year ended June 30, 2017 and the Eastern Shore of Virginia during the year ended June 30, 2021.
(2) The Chesapeake-Elizabeth Treatment Plant was closed on December 31, 2021. Wastewater from the area was redirected to the Atlantic Treatment Plant.
(3) Lawnes Point was acquired during the year ended June 30, 2017.
(4) The Onancock Plant was acquired during the year ended June 30, 2022.
(5) The Surry Plants were acquired during the year ended June 30, 2018.

Unaudited – See accompanying independent auditors' report

SCHEDULE OF OPERATING REVENUES, EXPENSES, NET POSITION BY COMPONENT AND DEBT SERVICE EXPENSES LAST TEN FISCAL YEARS

(in thousands)

	2023	2022	2021	2020	2019
OPERATING REVENUES					
Wastewater treatment charges	$ 383,115	$ 352,414	$ 325,817	$ 318,585	$ 299,323
Miscellaneous	4,820	5,532	3,952	3,447	3,798
TOTAL OPERATING REVENUES	387,935	357,946	329,769	322,032	303,121
OPERATING EXPENSES					
Wastewater treatment	149,532	134,135	132,820	122,393	117,189
General and administrative	53,995	45,673	48,691	46,949	41,121
Depreciation	54,469	54,357	53,278	51,383	53,225
TOTAL OPERATING EXPENSES	257,996	234,165	234,789	220,725	211,535
OPERATING INCOME	129,939	123,781	94,980	101,307	91,586
NON-OPERATING REVENUES (EXPENSES)					
Wastewater facility charges	7,293	7,072	7,379	6,444	6,662
Investment income	6,068	(1,651)	471	5,876	8,719
Bond interest subsidy	2,015	2,052	2,167	2,205	2,308
Change in fair value of investments	-	-	-	-	-
Capital distributions to localities	(2,422)	(13)	(376)	-	-
Bond issuance costs	(98)	(311)	(682)	(1,290)	(53)
Disposal of capital assets	-	-	-	(739)	-
Interest expense	(27,132)	(25,007)	(25,339)	(26,179)	(27,964)
NET NON-OPERATING EXPENSES	(14,276)	(17,858)	(16,380)	(13,683)	(10,328)
INCOME BEFORE CONTRIBUTIONS	115,663	105,923	78,600	87,624	81,258
CAPITAL CONTRIBUTIONS					
State capital grants	234	200	-	-	2,444
Other capital contributions	1,641	2,537	2,317	578	374
CHANGE IN NET POSITION	$ 117,538	$ 108,660	$ 80,917	$ 88,202	$ 84,076
NET POSITION					
Net investment in capital assets	$ 981,437	$ 832,427	$ 776,253	$ 646,505	$ 494,779
Restricted for debt service	33,830	33,134	30,455	28,155	28,553
Restricted for debt service reserve fund	-	-	-	-	-
Unrestricted	161,755	193,923	144,116	195,247	258,373
TOTAL NET POSITION	$ 1,177,022	$ 1,059,484	$ 950,824	$ 869,907	$ 781,705
Net Revenues Available for Debt Service (GAAP)	197,264	185,300	157,593	165,925	162,447
Add Back: Operating Expenses on Improvements Not Owned by HRSD *	2,422	13	376	-	-
Net Revenues Available for Debt Service (Adjusted)	$ 199,686	$ 185,313	$ 157,969	$ 165,925	$ 162,447
DEBT SERVICE					
Senior debt	$ 27,624	$ 24,549	$ 26,085	$ 28,595	$ 33,592
Subordinate debt	38,767	36,468	33,128	30,416	28,313
Total Debt Service	$ 66,391	$ 61,017	$ 59,213	$ 59,011	$ 61,905
Debt Service Coverage					
Senior Debt Service Coverage (GAAP)	7.14	7.55	6.03	5.80	4.84
Total Debt Service Coverage (GAAP)	2.97	3.04	2.66	2.81	2.62
Total Debt Service Coverage (Adjusted Cash Basis)	3.01	3.04	2.66	2.81	2.62

Notes:

FY2019 - HRSD implemented GASB Statement 89 effective July 1, 2018, establishes accounting requirements for interest cost incurred before the end of a construction period.

* Operating Expenses on Improvements Not Owned by HRSD are funded through HRSD's Capital Improvement Plan from sources which may include cash, debt, grants, and other sources. Such expenses are excluded from the definition of Operating Expenses under the Subordinate Trust Agreement.

(Continued)

Unaudited – See accompanying independent auditors' report

SCHEDULE OF OPERATING REVENUES, EXPENSES, NET POSITION BY COMPONENT AND DEBT SERVICE EXPENSES LAST TEN FISCAL YEARS

(in thousands)

	2018	2017	2016	2015	2014
OPERATING REVENUES					
Wastewater treatment charges	$ 275,539	$ 254,961	$ 234,020	$ 221,626	$ 211,538
Miscellaneous	3,504	3,669	3,861	3,935	3,643
TOTAL OPERATING REVENUES	279,043	258,630	237,881	225,561	215,181
OPERATING EXPENSES					
Wastewater treatment	116,982	113,100	106,575	114,137	109,149
General and administrative	40,480	40,287	40,026	38,678	33,012
Depreciation	52,349	49,311	45,670	41,871	42,761
TOTAL OPERATING EXPENSES	209,811	202,698	192,271	194,686	184,922
OPERATING INCOME	69,232	55,932	45,610	30,875	30,259
NON-OPERATING REVENUES (EXPENSES)					
Wastewater facility charges	6,673	7,511	6,699	7,428	6,640
Investment income	3,654	2,287	1,563	1,695	1,872
Bond interest subsidy	2,330	2,275	2,399	2,444	2,364
Change in fair value of investments	(1,382)	(1,119)	750	(286)	(422)
Capital distributions to localities	(311)	(138)	(3,287)	-	-
Bond issuance costs	(1,061)	(42)	(1,713)	(768)	-
Disposal of capital assets	-	-	-	-	-
Interest expense	(20,226)	(22,630)	(21,631)	(22,958)	(25,650)
NET NON-OPERATING EXPENSES	(10,323)	(11,856)	(15,220)	(12,445)	(15,196)
INCOME BEFORE CONTRIBUTIONS	58,909	44,076	30,390	18,430	15,063
CAPITAL CONTRIBUTIONS					
State capital grants	2,502	7,462	14,389	16,519	13,888
Other capital contributions	2,124	1,136	-	3,000	-
CHANGE IN NET POSITION	$ 63,535	$ 52,674	$ 44,779	$ 37,949	$ 28,951
NET POSITION					
Net investment in capital assets	$ 512,398	$ 428,670	$ 410,287	$ 385,597	$ 351,191
Restricted for debt service	27,799	22,701	23,798	22,070	24,064
Restricted for debt service reserve fund	-	-	-	44,118	45,207
Unrestricted	157,432	202,907	167,519	105,040	134,485
TOTAL NET POSITION	$ 697,629	$ 654,278	$ 601,604	$ 556,825	$ 554,947
Net Revenues Available for Debt Service (GAAP)	133,177	117,274	100,228	83,545	83,896
Add Back: Operating Expenses on Improvements Not Owned by HRSD *	311	138	3,287	-	-
Net Revenues Available for Debt Service (Adjusted)	$ 133,488	$ 117,412	$ 103,515	$ 83,545	$ 83,896
DEBT SERVICE					
Senior debt	$ 36,488	$ 35,837	$ 38,198	$ 43,842	$ 47,331
Subordinate debt	20,633	23,603	17,068	13,091	14,112
Total Debt Service	$ 57,121	$ 59,440	$ 55,266	$ 56,933	$ 61,443
Debt Service Coverage					
Senior Debt Service Coverage (GAAP)	3.59	3.10	2.56	1.90	1.76
Total Debt Service Coverage (GAAP)	2.03	1.93	1.77	1.46	1.36
Total Debt Service Coverage (Adjusted Cash Basis)	2.30	2.0	1.85	-	-

Notes:

FY2014 - HRSD implemented GASB Statements 68 and 71 effective July 1, 2014, which requires recording net pension assets or liabilities and related deferred outflows and inflows of resources.

FY2016 - HRSD is showing Debt Service Coverage on both a GAAP basis and an Adjusted Cash basis to account for distributions to localities in accordance with its Amended Subordinate Trust Agreement Section 705(a) enacted in March 2016.

FY2018 - HRSD implemented GASB Statement 75 effective July 1, 2017, which requires recording net OPEB assets or liabilities and related deferred outflows and inflows of resources.

* Operating Expenses on Improvements Not Owned by HRSD are funded through HRSD's Capital Improvement Plan from sources which may include cash, debt, grants, and other sources. Such expenses are excluded from the definition of Operating Expenses under the Subordinate Trust Agreement.

Unaudited – See accompanying independent auditors' report

OBJECTIVE CLASSIFICATION OF DEPARTMENTAL EXPENSES FOR OPERATIONS - LAST TEN FISCAL YEARS

(in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Personal Services	$ 65,549	$ 61,157	$ 60,250	$ 59,666	$ 56,336	$ 55,160	$ 53,401	$ 51,801	$ 52,357	$ 50,538
Fringe Benefits	23,772	20,467	23,879	21,417	18,235	20,275	19,106	17,974	18,249	20,170
Repairs and Maintenance *	20,174	18,004	21,207	17,419	13,786	16,763	19,933	22,824	31,451	22,320
Materials and Supplies	12,641	9,495	11,413	9,364	9,314	8,865	8,310	7,843	4,343	5,764
Transportation	1,672	1,380	1,100	1,194	1,423	1,271	1,386	1,537	1,297	1,417
Utilities	17,044	13,762	12,947	12,584	12,749	11,968	11,523	11,249	10,503	11,126
Chemical Purchases	13,890	10,044	8,719	8,760	8,746	8,750	8,020	7,512	7,119	7,752
Contractual Services	42,934	41,904	37,278	33,748	32,123	30,165	26,977	21,573	15,127	14,222
Miscellaneous Expense	2,864	2,385	2,685	2,953	2,622	2,509	2,329	1,842	2,880	1,274
General **	2,987	1,210	2,033	2,237	2,976	1,736	2,402	2,446	9,489	7,578
Subtotal, Expense before Depreciation	203,527	179,808	181,511	169,342	158,310	157,462	153,387	146,601	152,815	142,161
Depreciation	54,469	54,357	53,278	51,383	53,225	52,349	49,311	45,670	41,871	42,761
Total Operating Expenses	$ 257,996	$ 234,165	$ 234,789	$ 220,725	$ 211,535	$ 209,811	$ 202,698	$ 192,271	$ 194,686	$ 184,922

Notes:

* Includes Capital Improvement Program items expensed

** Includes bad debt expense

Unaudited – See accompanying independent auditors' report

RATIOS OF OUTSTANDING DEBT BY TYPE
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2023

As of June 30,	No. Of Service Connections	(in thousands) Senior Revenue Bonds	Subordinate Revenue Bonds	Total Outstanding Debt	Debt Per Service Connection
2023	486,000	$ 166,268	$ 813,474	$ 979,742	$ 2,016
2022	484,000	186,227	682,245	868,472	1,794
2021	481,000	202,486	632,520	835,006	1,736
2020	478,000	219,776	615,703	835,479	1,748
2019	476,000	326,531	565,098	891,629	1,873
2018	473,000	349,313	542,129	891,442	1,885
2017	470,000	458,255	388,529	846,784	1,802
2016	467,000	476,734	402,560	879,294	1,883
2015	465,000	649,202	99,195	748,397	1,609
2014	462,000	656,503	109,850	766,353	1,659

Note: Unamortized bond premiums are included in both senior and subordinate revenue bonds.

Unaudited – See accompanying independent auditors' report

RATE SCHEDULE
WASTEWATER TREATMENT CHARGES
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Residential - Metered										
Per CCF * (single step)	$ 6.97	$ 6.39	$ 5.86	$ 5.86	$ 5.37	$ 4.92	$ 4.51	$ 4.13	$ 3.83	$ 3.55
Minimum Charges Per day	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.25	0.25	0.25
Residential - Unmetered per 30-day period										
Flat rate accounts	57.90	52.20	48.64	48.64	34.91	31.98	29.32	26.32	26.32	26.32
Non-Residential - Special Category										
Biochemical Oxygen Demand (BOD)										
Per mg/liter per CCF										
Excess over 282 mg/liter	-	-	0.000129	0.000129	0.000104	0.000091	0.000206	0.000485	0.000612	0.001558
Excess over 297 mg/liter	0.000185	0.000176	-	-	-	-	-	-	-	-
Total Suspended Solids (TSS)										
Per mg/liter per CCF										
Excess over 261 mg/liter	-	-	0.000630	0.000630	0.000592	0.000520	0.000454	0.000448	0.000417	0.001244
Excess over 282 mg/liter	0.000611	0.000584	-	-	-	-	-	-	-	-
Total Phosphorus (TP)										
Per mg/liter per CCF										
Excess over 6 mg/liter	-	-	0.009871	0.009871	0.009535	0.011569	0.011642	0.004361	0.004344	0.011714
Excess over 7 mg/liter	0.009531	0.010050	-	-	-	-	-	-	-	-
Total Kjeldahl Nitrogen (TKN)										
Per mg/liter per CCF										
Excess over 47 mg/liter	-	-	0.003378	0.003378	0.003595	0.003156	0.001660	0.000917	0.000756	0.001752
Excess over 57 mg/liter	0.002705	0.002660	-	-	-	-	-	-	-	-
Hauled Wastewater (Indirect Discharge Water)										
Tank Truck Waste (per gallon)	-	-	0.1717	0.1717	0.1697	0.1300	0.1366	0.1362	0.1267	0.1258
Fats, Oils, and Grease (FOG)	0.3339	0.2737	-	-	-	-	-	-	-	-
Other Approved Hauled Wastes	0.1812	0.1717	-	-	-	-	-	-	-	-

Notes:
Rates can be adjusted by the Commission.
Unusual wastes not covered by this schedule may be assigned a special rate.
*CCF = 100 Cubic Feet (Approx. 748 gallons)

Unaudited – See accompanying independent auditors' report

RATE SCHEDULE
WASTEWATER FACILITY CHARGES
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Residential	$ 2,285	$ 2,055	$ 1,905	$ 1,905	$ 1,895	$ 1,895	$ 1,895	$ 1,895	$ 1,895	$ 1,895
Commercial/Industrial										
Volume based facility charges:										
5/8" Meter	$ 2,285	$ 2,055	$ 1,905	$ 1,905	$ 1,895	$ 1,895	$ 1,895	$ 1,895	$ 1,895	$ 1,895
3/4" Meter	4,210	4,210	4,210	4,210	4,830	4,830	4,830	4,830	4,830	4,830
1" Meter	7,410	7,410	7,410	7,410	8,170	8,170	8,170	8,170	8,170	8,170
1 1/2" Meter	17,590	16,645	16,645	16,645	17,260	17,260	17,260	17,260	17,260	17,260
2" Meter	34,415	31,465	30,505	30,505	30,510	30,510	30,510	29,420	29,420	29,420
3" Meter	88,570	80,405	73,810	73,810	70,800	70,800	70,800	67,350	63,600	62,270
4" Meter	173,245	156,530	138,445	138,445	128,660	128,660	128,660	122,400	115,580	106,060
6" Meter	445,910	400,625	336,960	336,960	298,610	298,610	298,610	284,070	268,250	224,650
8" Meter	872,130	780,840	634,710	634,710	542,680	542,680	542,680	516,260	487,510	382,670
10" Meter	1,467,435	1,310,665	1,038,525	1,038,525	862,550	862,550	862,550	820,560	774,860	587,820
12" Meter	2,244,900	2,001,460	1,554,120	1,554,120	1,259,520	1,259,520	1,259,520	1,198,210	1,131,490	-
14" Meter	3,215,910	2,863,155	2,186,505	2,186,505	1,734,700	1,734,700	1,734,700	1,650,250	1,558,360	-
16" Meter	4,390,660	3,904,635	2,940,135	2,940,135	2,289,010	2,289,010	2,289,010	2,177,580	2,056,330	-
Strength based facility charges: (per permitted pound)										
BOD Excess over 250 mg/liter	-	-	-	-	-	-	-	-	728	987
TSS Excess over 250 mg/liter	-	-	-	-	-	-	-	-	424	624
TP Excess over 6 mg/liter	-	-	-	-	-	-	-	-	8,420	5,846
TKN Excess over 35 mg/liter	-	-	-	-	-	-	-	-	3,812	1,313

Notes:

One charge per connection.

HRSD eliminated strength based facility charges effective 7/1/2015.

Unaudited – See accompanying independent auditors' report

TREATMENT PLANT OPERATING SUMMARY
LAST TEN FISCAL YEARS
(Average Quantity per Day)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total										
Flow (MGD)	135.1	132.3	154.4	140.9	152.6	145.2	152.9	155.1	152.2	154.0
Influent (1,000 lbs.)										
BOD	284.4	263.5	269.1	252.4	281.9	285.1	288.2	282.5	286.0	288.6
TSS	253.4	203.4	215.4	226.2	211.4	215.8	215.9	228.8	198.6	204.7
TP	6.4	6.3	6.5	6.6	6.6	6.8	7.0	6.9	8.6	6.8
TKN	50.3	45.0	46.7	47.0	47.6	47.2	46.4	45.7	45.8	47.9
Effluent (1,000 lbs.)										
BOD	8.8	7.4	9.2	8.0	8.2	7.5	8.9	9.8	9.9	9.6
TSS	7.7	6.3	9.0	7.1	7.4	6.7	9.4	9.3	8.9	9.1
TP	0.5	0.5	0.7	0.7	0.8	0.7	0.9	0.9	1.0	1.1
TKN	4.3	5.1	8.1	8.4	8.5	7.3	7.7	8.0	9.8	11.2
Army Base Plant										
Flow (MGD)	8.4	8.2	11.1	10.4	11.1	10.0	9.5	9.6	9.9	10.7
Influent (1,000 lbs.)										
BOD	18.1	17.4	16.6	16.0	16.6	16.3	13.2	13.3	16.4	19.0
TSS	19.0	21.8	19.0	16.9	13.9	14.0	11.7	13.3	12.5	14.2
TP	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.4	0.4
TKN	2.9	2.9	3.2	3.3	3.3	3.1	2.7	2.7	2.9	3.5
Effluent (1,000 lbs.)										
BOD	0.2	0.2	0.6	0.2	0.3	0.2	0.3	0.3	0.8	0.8
TSS	0.3	0.4	0.9	0.3	0.4	0.3	0.4	0.5	0.6	0.8
TP	0.1	0.0	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1
TKN	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.1	2.1	2.6
Atlantic Plant										
Flow (MGD)	42.8	35.9	27.4	24.5	28.1	26.1	28.2	27.2	30.9	25.7
Influent (1,000 lbs.)										
BOD	85.9	74.4	58.5	49.3	58.2	56.7	53.2	55.6	66.6	52.7
TSS	73.0	51.9	39.6	35.5	39.3	36.6	38.7	38.5	42.9	37.3
TP	2.1	1.8	1.4	1.3	1.4	1.3	1.4	1.4	1.5	1.3
TKN	17.2	15.2	11.4	10.7	11.9	11.2	11.0	10.9	11.4	10.4
Effluent (1,000 lbs.)										
BOD	5.4	3.5	2.9	3.0	2.5	2.4	2.3	2.7	3.0	2.2
TSS	4.7	2.9	2.5	1.5	1.6	1.6	1.9	1.9	2.4	2.0
Boat Harbor Plant										
Flow (MGD)	10.7	11.7	15.2	13.6	15.8	14.2	13.9	15.6	14.4	14.9
Influent (1,000 lbs.)										
BOD	17.8	17.7	20.0	18.4	20.6	19.2	17.4	18.3	20.0	19.2
TSS	12.7	13.2	16.1	16.0	18.0	16.6	15.7	18.1	16.3	16.7
TP	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
TKN	3.5	3.6	3.8	4.0	4.2	3.9	3.8	3.8	3.6	3.7
Effluent (1,000 lbs.)										
BOD	0.6	0.9	1.0	0.6	0.9	0.6	0.6	1.0	0.7	0.7
TSS	0.6	0.7	1.0	0.8	1.0	0.7	0.7	0.9	0.6	0.8
TP	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TKN	2.5	2.2	2.1	2.0	2.5	1.3	1.2	1.8	2.2	2.4

Unaudited – See accompanying independent auditors' report

TREATMENT PLANT OPERATING SUMMARY
LAST TEN FISCAL YEARS
(Average Quantity per Day)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Chesapeake-Elizabeth Plant *										
Flow (MGD)	-	10.1	16.8	17.4	17.6	18.7	18.0	16.3	19.1	18.4
Influent (1,000 lbs.)										
BOD	-	20.2	30.5	38.1	37.2	35.4	35.2	30.2	38.7	32.1
TSS	-	14.0	23.0	24.6	26.8	26.6	26.1	22.9	26.6	25.1
TP	-	0.5	0.7	0.8	0.8	0.8	0.8	2.7	0.8	0.8
TKN	-	4.0	6.1	6.9	6.8	6.6	6.4	5.1	6.7	6.4
Effluent (1,000 lbs.)										
BOD	-	1.2	2.5	2.2	2.0	2.8	2.3	2.0	2.5	2.2
TSS	-	0.9	1.9	2.0	1.9	3.2	2.3	1.8	1.9	2.1
TP	-	0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.2
TKN	-	2.0	3.9	4.4	4.1	4.5	4.1	3.6	4.5	4.2
James River Plant										
Flow (MGD)	12.1	12.7	14.7	12.4	13.9	13.0	12.3	13.2	12.7	13.6
Influent (1,000 lbs.)										
BOD	35.5	24.9	23.1	24.0	25.8	26.8	25.5	24.4	25.7	27.5
TSS	46.4	17.5	18.1	17.4	18.7	19.3	17.4	17.8	18.0	19.4
TP	0.6	0.6	0.6	0.5	0.6	0.6	0.5	0.5	0.5	0.6
TKN	5.2	4.7	5.0	4.7	4.7	4.8	4.3	4.2	4.0	4.2
Effluent (1,000 lbs.)										
BOD	0.6	0.6	0.5	0.5	0.4	0.3	0.4	0.4	0.3	0.5
TSS	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.5	0.4	0.6
TP	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
TKN	0.6	0.6	0.5	0.5	0.3	0.4	0.5	0.4	0.4	0.2
Nansemond Plant										
Flow (MGD)	15.3	15.5	17.4	15.9	16.9	17.5	18.8	18.5	16.6	16.9
Influent (1,000 lbs.)										
BOD	30.1	29.9	33.8	32.5	33.0	31.9	40.7	35.8	28.5	29.0
TSS	27.7	25.9	36.0	46.5	37.2	33.4	40.3	38.4	21.9	23.1
TP	0.9	0.8	0.9	1.0	1.0	1.2	1.5	1.5	1.1	1.1
TKN	6.4	6.2	6.8	6.9	6.7	7.1	7.4	7.0	5.6	5.8
Effluent (1,000 lbs.)										
BOD	0.5	0.4	0.6	0.6	0.7	0.7	0.8	0.7	0.8	0.9
TSS	0.8	0.5	0.8	0.6	0.8	0.7	0.8	0.9	0.9	1.1
TP	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
TKN	0.3	0.3	0.4	0.3	0.4	0.4	0.5	0.5	0.6	0.5
Virginia Initiative Plant										
Flow (MGD)	24.7	23.5	29.1	26.2	27.6	26.7	30.9	31.7	30.5	30.7
Influent (1,000 lbs.)										
BOD	42.3	39.1	39.4	37.0	40.4	47.5	50.1	50.4	47.5	45.8
TSS	37.3	33.2	31.5	35.4	23.2	30.0	31.3	32.0	30.2	30.6
TP	1.0	1.0	1.0	1.1	0.9	1.0	1.0	1.0	1.1	1.2
TKN	7.2	6.5	6.7	7.1	6.8	7.0	7.3	7.4	7.1	7.4
Effluent (1,000 lbs.)										
BOD	0.9	0.7	0.6	0.5	0.6	0.8	1.2	1.7	1.9	1.4
TSS	0.5	0.4	0.7	1.0	0.7	0.7	1.4	1.9	1.6	1.7
TP	0.1	0.1	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2
TKN	0.4	0.3	0.4	0.3	0.4	0.6	0.4	0.7	0.8	0.6

* The Chesapeake-Elizabeth Plant was closed December 31, 2021.

Unaudited – See accompanying independent auditors' report

TREATMENT PLANT OPERATING SUMMARY
LAST TEN FISCAL YEARS
(Average Quantity per Day)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Williamsburg Plant										
Flow (MGD)	8.7	8.3	9.0	8.6	7.7	8.0	8.6	8.4	9.2	8.9
Influent (1,000 lbs.)										
BOD	36.7	33.3	32.5	33.4	32.6	36.1	33.2	34.7	40.4	37.7
TSS	21.5	17.4	18.0	21.2	24.1	19.1	27.9	16.2	19.9	16.8
TP	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5
TKN	4.0	3.6	3.7	3.6	3.5	3.3	3.6	3.2	3.3	3.3
Effluent (1,000 lbs.)										
BOD	0.4	0.3	0.4	0.2	0.2	0.2	0.3	0.3	0.3	0.3
TSS	0.2	0.2	0.6	0.2	0.2	0.2	0.3	0.3	0.3	0.4
TP	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1
TKN	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.3
York River Plant										
Flow (MGD)	11.6	11.6	13.9	13.2	12.6	12.6	12.7	12.6	13.2	13.3
Influent (1,000 lbs.)										
BOD	18.0	16.7	14.6	15.8	16.8	16.7	16.3	18.2	17.9	17.2
TSS	15.8	15.5	14.1	15.4	15.0	15.1	16.7	16.9	16.4	15.7
TP	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
TKN	3.9	3.8	3.8	3.7	3.6	3.6	3.5	3.5	3.6	3.5
Effluent (1,000 lbs.)										
BOD	0.2	0.1	0.2	0.5	0.3	0.3	0.4	0.4	0.4	0.5
TSS	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.1	0.2
TP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
TKN	0.3	0.3	0.4	0.3	0.2	0.2	0.3	0.3	0.3	0.4

Unaudited – See accompanying independent auditors' report

TEN LARGEST CUSTOMERS
CURRENT YEAR AND NINE YEARS AGO

(in thousands)

		2023		2014	
Customer	Type	Amount	Percent	Amount	Percent
U.S. Navy - Norfolk Naval Base	Military Facility	$ 6,711	1.8%	$ 4,026	1.9%
Anheuser - Busch, Inc.	Brewery	4,015	1.0%	4,457	2.1%
Huntington Ingalls Industries	Shipbuilding	2,891	0.8%	1,661	0.80%
U.S. Air Force - Langley Air Force Base	Military Facility	2,492	0.7%	-	-
Norfolk Naval Shipyard	Military Ship Repair	2,449	0.6%	1,249	0.6%
Norfolk Redevelopment & Housing Authority	Housing Authority	2,361	0.6%	1,479	0.7%
City of Norfolk	Municipality	2,183	0.6%	1,686	0.8%
Joint Expeditionary Base Little Creek-Fort Story	Military Facility	2,031	0.5%	1,384	0.7%
Oceana Naval Air Station / Dam Neck	Military Facility	1,812	0.5%	-	-
City of Virginia Beach	Municipality	1,777	0.5%	-	-
Smithfield Foods	Meat Processor	-	-	3,327	1.6%
U.S. Army - Fort Eustis	Military Facility	-	-	1,076	0.5%
Sentara Healthcare	Healthcare	-	-	1,019	0.5%
Total		$ 28,722	7.6%	$ 21,364	10.2%

Unaudited – See accompanying independent auditors' report

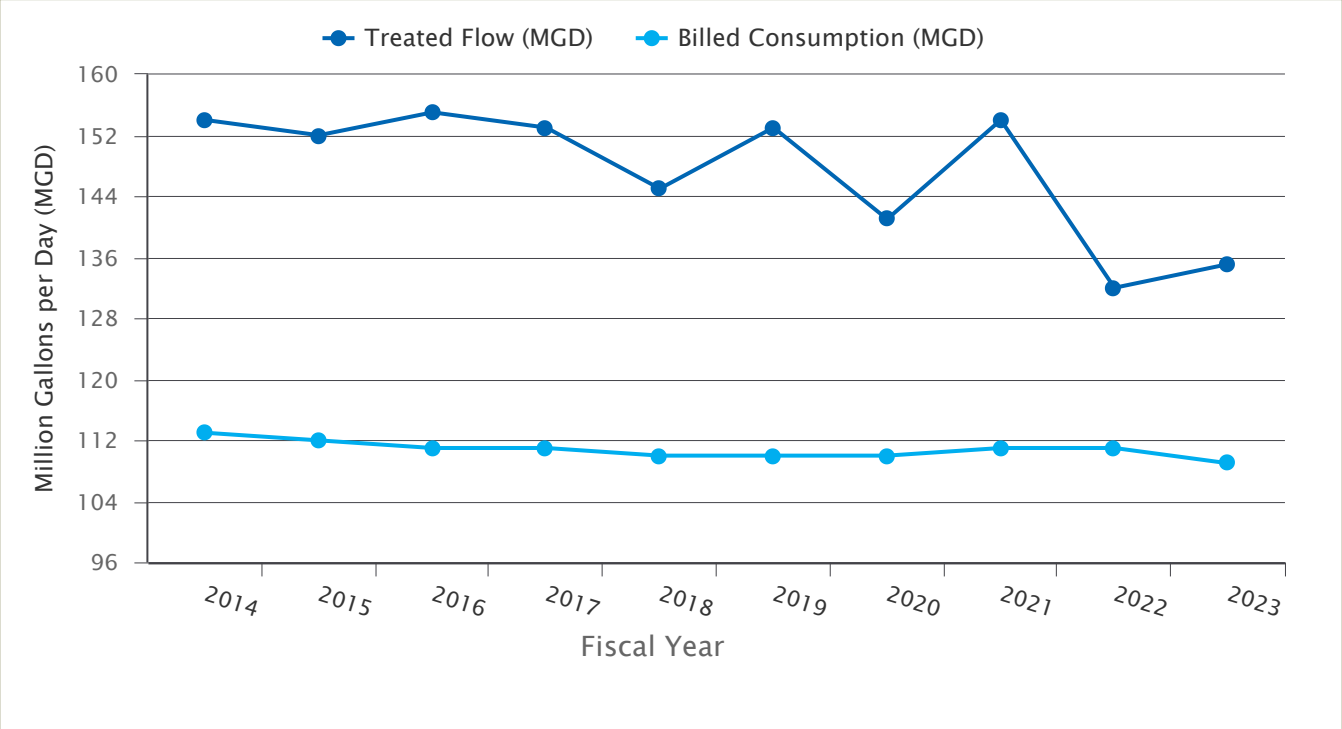
TEN LARGEST EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

		2023			2014		
Employer	Type	Number of Employees	Rank	Percent of Regional Employment	Number of Employees	Rank	Percent of Regional Employment
Naval Station Norfolk	Military Facility	82,000	1	9.6%	57,379	1	6.1%
Huntington Ingalls Industries	Shipbuilding and Repair	42,000	2	4.9%	24,000	2	2.6%
Sentara Healthcare	Health Care Network	30,000	3	3.5%	20,000	4	2.1%
Joint Expeditionary Base Little Creek - Fort Story	Military Facility	15,000	4	1.8%	19,841	5	2.1%
Virginia Beach Public Schools	Public Schools	14,162	5	1.7%	10,000	8	1.1%
Naval Support Activity/ Naval Medical Center	Military Facility	12,300	6	1.4%	-	-	-
Norfolk Naval Shipyard	Military Ship Repair	12,000	7	1.4%	12,486	7	1.3%
Oceana Naval Air Station	Military Facility	10,500	8	1.2%	15,547	6	1.7%
Joint Base Langley-Eustis	Military Facility	9,000	9	1.1%	23,090	3	2.5%
Riverside Health System	Health Care Network	9,000	10	1.1%	7,050	9	0.8%
Norfolk City Public Schools	Public Schools	-	-	-	6,527	10	0.7%
Total		235,962		27.7%	195,920		21.0%

Sources:
Hampton Roads Economic Development Alliance
Hampton Roads Statistical Digest
Hampton Roads Business
Confirmation with employers

Unaudited – See accompanying independent auditors' report

COMPARISON OF TREATED FLOW TO BILLED FLOW
LAST TEN FISCAL YEARS



Year ended June 30,	Treated Flow (MGD)	Billed Consumption (MGD)
2014	154	113
2015	152	112
2016	155	111
2017	153	111
2018	145	110
2019	153	110
2020	141	110
2021	154	111
2022	132	111
2023	135	109

Unaudited – See accompanying independent auditors' report

NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Management										
General Manager	1	1	1	1	1	2	3	3	3	3
Support Staff	1	1	1	1	1	1	1	1	1	1
Total General Management	2	2	2	2	2	3	4	4	4	4
Communications										
Communications	1	1	1	1	1	1	-	-	-	-
Support Staff	3	2	2	2	2	1	-	-	-	-
Total Communications	4	3	3	3	3	2	-	-	-	-
Talent Management										
Human Resources	6	5	6	6	6	6	6	5	5	5
Safety	5	5	4	3	3	3	3	3	-	-
Training	4	4	4	3	3	2	2	2	2	2
Support Staff	3	3	3	4	4	4	4	4	3	3
Total Talent Management	18	17	17	16	16	15	15	14	10	10
Finance										
Accounting	15	15	15	12	12	11	10	10	10	10
Customer Care Center	63	65	71	77	77	77	77	77	69	69
Procurement	11	12	11	10	10	10	10	10	9	9
Capital Finance	9	6	-	-	-	-	-	-	-	-
Support Staff	5	4	5	3	3	3	3	2	3	3
Total Finance	103	102	102	102	102	101	100	99	91	91
Information Technology										
Information Technology	52	49	48	48	43	48	47	45	39	35
Support Staff	2	2	2	2	2	2	1	1	1	1
Total Information Technology	54	51	50	50	45	50	48	46	40	36
Operations										
Army Base Treatment Plant	31	29	32	34	34	34	34	31	32	32
Atlantic Treatment Plant	36	36	37	35	35	35	35	32	33	33
Boat Harbor Treatment Plant	33	34	32	35	35	35	35	32	33	33
Chesapeake-Elizabeth Treatment Plant	-	25	31	32	32	32	32	31	32	32
Interceptor System Maintenance	111	112	121	119	119	118	117	115	120	120
James River Treatment Plant	24	24	24	22	22	22	22	20	21	21
Maintenance Shops	114	112	85	74	73	71	70	83	86	86
Nansemond Treatment Plant	32	30	35	32	32	32	32	30	31	31
Virginia Initiative Plant	33	33	32	34	34	33	33	30	31	31
Williamsburg Treatment Plant	30	28	28	29	29	29	29	28	29	29
York River Treatment Plant	24	23	23	24	24	24	24	22	23	23
Small Communities Division	29	27	23	23	23	23	23	21	17	17
Support Staff	27	20	23	23	23	23	23	24	25	25
Total Operations	524	533	526	516	515	511	509	499	513	513
Engineering										
Design and Construction	51	43	31	31	30	26	25	25	21	19
Support Staff	2	2	13	13	13	13	14	14	14	14
Total Engineering	53	45	44	44	43	39	39	39	35	33
Water Quality										
Pretreatment & Pollution Prevention	27	27	27	28	27	27	26	26	25	24
Technical Services	35	34	36	34	31	31	29	28	25	23
Laboratory	53	52	50	47	47	46	45	42	40	38
Support Staff	5	6	5	5	5	5	6	6	6	6
Total Water Quality	120	119	118	114	110	109	106	102	96	91
Total Employees	878	872	862	847	836	830	821	803	789	778

Unaudited – See accompanying independent auditors' report

Other Supplemental Section (Unaudited)





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INDEX TO OTHER SUPPLEMENTAL SECTION

In accordance with Governmental Accounting Standards Board, the following information is required to accompany the Basic Financial Statements.

Contents **Page**

Debt Service **98**

This schedule presents information pertaining to HRSD's primary bonded debt service. It covers both senior and subordinate debt service payments projected for fiscal years ending from June 30, 2024 through June 30, 2053.

Budgetary Information **99**

These schedules contain information about HRSD's budget and resources to help the reader understand HRSD's budgeting process.

Unaudited – See accompanying independent auditors' report

SUMMARY OF PRIMARY BONDED DEBT SERVICE
June 30, 2023

(in thousands)

As of June 30,	Senior Bonds Principal	Senior Bonds Interest	Senior Bonds Debt Service	Subordinate Bonds Debt Service	Total Debt Service
2024	$ 19,600	$ 7,942	$ 27,542	$ 95,058	$ 122,600
2025	20,450	7,007	27,457	50,369	77,826
2026	20,671	6,030	26,701	51,821	78,522
2027	7,843	5,368	13,211	65,132	78,343
2028	8,086	5,021	13,107	61,788	74,895
2029	8,340	4,661	13,001	61,727	74,728
2030	8,600	4,289	12,889	61,551	74,440
2031	8,428	3,903	12,331	62,543	74,874
2032	5,995	3,523	9,518	60,463	69,981
2033	6,225	3,165	9,390	56,449	65,839
2034	6,465	2,793	9,258	50,846	60,104
2035	6,715	2,406	9,121	50,187	59,308
2036	6,975	2,005	8,980	44,384	53,364
2037	7,245	1,588	8,833	44,505	53,338
2038	7,525	1,155	8,680	44,308	52,988
2039	7,815	705	8,520	27,886	36,406
2040	8,115	234	8,349	19,873	28,222
2041	-	-	-	19,447	19,447
2042	-	-	-	19,117	19,117
2043	-	-	-	13,335	13,335
2044	-	-	-	13,295	13,295
2045	-	-	-	7,995	7,995
2046	-	-	-	7,620	7,620
2047	-	-	-	3,546	3,546
2048	-	-	-	3,359	3,359
2049	-	-	-	5,660	5,660
2050	-	-	-	12,925	12,925
2051	-	-	-	19,865	19,865
2052	-	-	-	23,877	23,877
2053	-	-	-	26,517	26,517
Total	$ 165,093	$ 61,795	$ 226,888	$ 1,085,448	$ 1,312,336

Unaudited – See accompanying independent auditors' report

BUDGETARY COMPARISON SCHEDULE
June 30, 2023

(in thousands)

	Budget			Variance under Amended	Percent
	Adopted	Amended	Actual	Budget	Variance
OPERATING BUDGET EXPENSES					
General Management	$ 456	$ 508	$ 457	$ 51	10.0%
Communications	641	769	567	202	26.3%
Finance	15,846	16,496	15,853	643	3.9%
Information Technology	17,783	19,872	17,402	2,470	12.4%
Talent Management	2,615	3,131	2,682	449	14.3%
Operations	117,539	132,371	120,705	11,666	8.8%
Engineering	8,117	8,981	7,663	1,318	14.7%
Water Quality	16,577	17,604	16,302	1,302	7.4%
General	8,569	9,693	6,465	3,228	33.3%
Debt Service	70,033	67,620	67,648	(28)	0.0%
TOTAL	258,176	277,045	255,744	$ 21,301	7.7%
Transfer to CIP	129,413	129,413			
Transfer to Risk Management	260	260			
	$ 387,849	$ 406,718			
Add:					
Unbudgeted Depreciation and Amortization			54,469		
Unbudgeted Bad Debt Expense			2,987		
Capital Improvement Program Items Expensed			16,624		
Less:					
Capitalized Assets			1,758		
Debt Service			67,648		
Capital Distributions to Localities			2,422		
TOTAL OPERATING EXPENSES			$ 257,996		

Unaudited – See accompanying independent auditors' report

NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2023

BUDGETARY HIGHLIGHTS

HRSD's Commission adopts an Annual Operating Budget that contains the day-to-day operating expenses of the District. The Operating Budget as adopted for FY 2023 was $258,176,000 and contains personnel costs, fringe benefits, material and supplies, electricity, chemicals, insurance, contractual services, debt service and other miscellaneous expenses. There were several modifications to the Operating Budget during the year to reflect changes in spending patterns. All adjustments to the Annual Budget were from encumbrances carried forward or from transfers within or among departments.

NOTE 1 – BUDGETARY ACCOUNTING AND CONTROL

Budget Preparation

HRSD prepares its Annual Budget under the provisions of its enabling legislation, used to establish rates, fees and other charges, and of Section 3.12 of the Master Trust Indenture, dated December 1, 1993, and the Trust Agreement, dated March 1, 2008. In accordance with those provisions, the following process is used to adopt the Annual Budget.

The process begins in late December with the issuance of the Annual Budget Instructions by the General Manager. Each department completes its Operating and Improvement Budgets by March 1 for the General Manager's review.

The HRSD Commission appoints a Finance Committee consisting of two Commissioners. The two Commissioners meet in early April to review the Budgets, which are presented by staff at the April Commission meeting. HRSD's Commission reviews these budgets at that meeting.

The final Annual Budget, which incorporates the Operating and Capital Budgets, is presented at the May Commission meeting for adoption. The Commission simultaneously adopts the budget and any resulting wastewater rate schedule. All rate adjustments must be publicly advertised four consecutive weeks before they can take effect.

The HRSD Commission approves any budget amendments during the ensuing year.

The 2008 Trust Agreement requires Debt Service Coverage of 1.20 times for senior and 1.00 times for total debt based on maximum annual debt service. The 2008 Subordinate Trust Agreement was amended in 2016 to account for Consent Decree expenses related to Locality wet weather improvements that HRSD will not own and requires total debt service coverage to be 1.2 times on an adjusted cash basis. The HRSD Commission has a policy of providing senior revenue and total revenue bonded debt service coverage ratios of not less than 1.5 and 1.4 times annual debt service on an adjusted cash basis, respectively.

Budget Accounting

The Annual Budget is prepared on a basis of accounting consistent with accounting principles generally accepted in the United States of America. No provision is provided, however, for non-cash items such as depreciation and bad debt expense. The FY 2023 Annual Budget consists of two parts: an operating budget that covers day-today operations and a capital budget that identifies all major capital project requirements over the next 10 years. All operating budget amounts lapse at year-end. The Commission annually adopts only the first year of the capital budget. HRSD's Commission separately approves all contracts that are awarded under the capital budget.

SCHEDULE OF REVENUES, EXPENSES AND DEBT SERVICE FOR OPERATIONS - ACTUAL TO BUDGET FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(in thousands)

	Actual	Amended Budget	Variance Favorable/ (Unfavorable)	Budget Variance Percentage
OPERATING REVENUES				
Wastewater Treatment Charges	$ 383,115	$ 374,842	$ 8,273	2%
Miscellaneous	4,820	1,439	3,381	235%
TOTAL OPERATING REVENUES	387,935	376,281	11,654	1%
CURRENT EXPENSES				
General Management	457	508	51	10%
Communications	567	769	202	26%
Finance	15,853	16,496	643	4%
Information Technology	17,402	19,872	2,470	12%
Talent Management	2,682	3,131	449	14%
Operations	120,705	132,371	11,666	9%
Engineering	7,663	8,981	1,318	15%
Water Quality	16,302	17,604	1,302	7%
General	6,465	9,693	3,228	33%
TOTAL CURRENT EXPENSES	188,096	209,425	21,329	10%
EXCESS OF OPERATING REVENUES OVER EXPENSES	199,839	166,856	32,983	20%
NON-OPERATING REVENUES				
Wastewater Facility Charge	7,293	7,150	143	2%
Interest Income	6,068	1,570	4,498	286%
Bond Interest Subsidy	2,015	2,026	(11)	(1%)
TOTAL NON-OPERATING REVENUES	15,376	10,746	4,630	43%
INCOME BEFORE CAPITAL CONTRIBUTIONS	215,215	177,602	37,613	21%
CAPITAL CONTRIBUTIONS				
Other Capital Contributions	1,875	-	1,875	100%
AMOUNT AVAILABLE FOR DEBT	217,090	177,602	39,488	22%
DEBT SERVICE				
Principal and Interest	67,550	67,120	(430)	(1%)
Cost of Issuance	98	500	402	80%
TOTAL DEBT SERVICE	67,648	67,620	(28)	(0%)
AMOUNT AVAILABLE TO REINVEST	$ 149,442	$ 109,982	$ 39,460	36%

Unaudited – See accompanying independent auditors' report

OBJECTIVE CLASSIFICATION OF DEPARTMENTAL EXPENSES FOR OPERATIONS - ACTUAL TO BUDGET FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(in thousands)

	General Management	Communications	Finance	Information Technology	Talent Management	Operations
Personal Services	$ 340	$ 292	$ 6,673	$ 5,323	$ 1,655	$ 37,380
Fringe Benefits	84	98	2,652	1,707	587	15,297
Materials & Supplies	1	60	58	2,398	72	8,140
Transportation	12	12	21	12	20	1,532
Utilities	-	-	262	1,341	-	14,798
Chemical Purchases	-	-	-	-	-	13,890
Contractual Services	4	99	6,007	5,313	20	22,160
Major Repairs	-	-	-	1,001	-	4,931
Capital Assets	-	-	-	81	-	1,677
Miscellaneous Expense	16	6	180	226	328	900
	$ 457	$ 567	$ 15,853	$ 17,402	$ 2,682	$ 120,705

Unaudited – See accompanying independent auditors' report

OBJECTIVE CLASSIFICATION OF DEPARTMENTAL EXPENSES FOR OPERATIONS - ACTUAL TO BUDGET FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(in thousands)

	Engineering	Water Quality	General	Total	Percent of Total	Amended Budget	Variance Favorable/ (Unfavorable)
Personal Services	$ 4,665	$ 8,838	$ 383	$ 65,549	26%	$ 63,417	$ (2,132)
Fringe Benefits	1,578	3,566	(1,797)	23,772	9%	26,569	2,797
Materials & Supplies	25	1,868	19	12,641	5%	13,742	1,101
Transportation	25	38	-	1,672	1%	1,799	127
Utilities	-	1	642	17,044	7%	15,556	(1,488)
Chemical Purchases	-	-	-	13,890	5%	13,776	(114)
Contractual Services	1,230	1,557	6,544	42,934	17%	58,308	15,374
Major Repairs	-	41	-	5,973	2%	12,404	6,431
Capital Assets	-	-	-	1,758	1%	626	(1,132)
Miscellaneous Expense	140	393	674	2,863	1%	3,228	365
	$ 7,663	$ 16,302	$ 6,465	$ 188,096	74%	$ 209,425	$ 21,329
Debt Service							
Principal and Interest				67,550	26%	67,120	(430)
Cost of Issuance				98	0%	500	402
Total Debt Service				$ 67,648	26%	$ 67,620	$ (28)
Total Department and Debt Service				$ 255,744	100%	$ 277,045	$ 21,301

Unaudited – See accompanying independent auditors' report

DEPARTMENT SUMMARY OF EXPENSES
ACTUAL TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(in thousands)

	Actual	Amended Budget	Variance Favorable/ (Unfavorable)
General Management			
Personal Services	$ 340	$ 305	$ (35)
Fringe Benefits	84	79	(5)
Materials & Supplies	1	60	59
Transportation	12	12	-
Contractual Services	4	21	17
Miscellaneous Expense	16	31	15
	457	508	51
Communications			
Personal Services	292	359	67
Fringe Benefits	98	122	24
Materials & Supplies	60	155	95
Transportation	12	9	(3)
Contractual Services	99	114	15
Miscellaneous Expense	6	10	4
	567	769	202
Finance			
Personal Services	6,673	6,545	(128)
Fringe Benefits	2,652	2,573	(79)
Materials & Supplies	58	109	51
Transportation	21	8	(13)
Utilities	262	332	70
Contractual Services	6,007	6,673	666
Miscellaneous Expense	180	256	76
	15,853	16,496	643
Information Technology			
Personal Services	5,323	5,464	141
Fringe Benefits	1,707	1,778	71
Materials & Supplies	2,398	1,593	(805)
Transportation	12	39	27
Utilities	1,341	1,348	7
Contractual Services	5,313	7,115	1,802
Major Repairs	1,001	2,161	1,160
Capital Assets	81	-	(81)
Miscellaneous Expense	226	374	148
	17,402	19,872	2,470

(Continued)

Unaudited – See accompanying independent auditors' report

DEPARTMENT SUMMARY OF EXPENSES
ACTUAL TO BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(in thousands)

	Actual	Amended Budget	Variance Favorable/ (Unfavorable)
Talent Management			
Personal Services	$ 1,655	$ 1,843	$ 188
Fringe Benefits	587	635	48
Materials & Supplies	72	68	(4)
Transportation	20	23	3
Contractual Services	20	275	255
Miscellaneous Expense	328	287	(41)
	2,682	3,131	449
Operations			
Personal Services	37,380	36,510	(870)
Fringe Benefits	15,297	15,008	(289)
Materials & Supplies	8,140	9,695	1,555
Transportation	1,532	1,665	133
Utilities	14,798	13,348	(1,450)
Chemical Purchases	13,890	13,776	(114)
Contractual Services	22,160	30,592	8,432
Major Repairs	4,931	10,141	5,210
Capital Assets	1,677	626	(1,051)
Miscellaneous Expense	900	1,010	110
	120,705	132,371	11,666
Engineering			
Personal Services	4,665	5,111	446
Fringe Benefits	1,578	1,782	204
Materials & Supplies	25	26	1
Transportation	25	15	(10)
Contractual Services	1,230	1,815	585
Miscellaneous Expense	140	232	92
	7,663	8,981	1,318
Water Quality			
Personal Services	8,838	8,740	(98)
Fringe Benefits	3,566	3,448	(118)
Materials & Supplies	1,868	2,010	142
Transportation	38	28	(10)
Utilities	1	3	2
Contractual Services	1,557	2,649	1,092
Major Repairs	41	102	61
Miscellaneous Expense	393	624	231
	16,302	17,604	1,302
General			
Personal Services	383	(1,460)	(1,843)
Fringe Benefits	(1,797)	1,144	2,941
Materials & Supplies	19	26	7
Utilities	642	525	(117)
Contractual Services	6,544	9,054	2,510
Miscellaneous Expense	674	404	(270)
	6,465	9,693	3,228
TOTAL DEPARTMENTAL EXPENSES	$ 188,096	$ 209,425	$ 21,329

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HRSD

1434 Air Rail Avenue
Virginia Beach, VA 23455
www.hrsd.com

Photos used for this publication feature the Grand Opening of Woodstock Park in Virginia Beach, Virginia.
Printed on recycled paper using environmentally friendly ink.

APPENDIX B

CERTAIN DEFINITIONS

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APPENDIX B

CERTAIN DEFINITIONS

The following is a brief summary of certain definitions of certain terms contained in the Trust Agreement and the Eleventh Supplemental Trust Agreement and used in this Official Statement. This summary does not purport to be complete or definitive and qualified in its entirety by reference to the Trust Agreement and the Eleventh Supplemental Trust Agreement, copies of which are available for examination at the offices of the Trustee.

"**Additional Bonds**" means Bonds, if any, issued by the District after the Effective Date of the Trust Agreement, pursuant to the Trust Agreement, including Additional Bonds issued in exchange for other such Additional Bonds or in replacement for mutilated, destroyed, stolen or lost Additional Bonds.

"**Audited Financial Statements**" means the annual financial statements of the District as audited and reported on by a firm of independent public accountants, for a twelve-month period constituting a Fiscal Year or other period indicated, prepared in accordance with generally accepted accounting principles.

"**Balloon Long-Term Indebtedness**" means Long-Term Indebtedness 25% or more of the principal payments of which is due in a single year, which portion of the principal is not required by the documents pursuant to which such Indebtedness is issued to be amortized by redemption prior to such date.

"**Bond Registrar**" means the Bond Registrar at the time serving as such under the Trust Agreement whether the original or a successor bond registrar.

"**Bond Fund**" means the Hampton Roads Sanitation District (Virginia) Bond Fund created and so designated pursuant to the Trust Agreement.

"**Bonds**" means the Series 2016 Bonds, the Series 2017 Bonds, the Series 2018 Bonds, the Series 2019 Bonds, the 2020 WIFIA Bond, the 2021 WIFIA Bond, the Series 2024A Bonds, the Series 2024B Bonds, and any Additional Bonds under the Trust Agreement, including such Bonds issued in exchange for other such Bonds and Bonds issued in replacement for and upon the cancellation of mutilated Bonds or in lieu of and in substitution for destroyed, stolen or lost Bonds pursuant to the Trust Agreement.

"**Business Day**" means any day on which banks located in the city in which the designated corporate trust office of the Trustee is located (as of the date of this Official Statement, Pittsburgh, Pennsylvania) and in New York, New York, are open for commercial banking purposes.

"**Capital Appreciation Bonds**" means Bonds the interest on which is compounded at the rates and on the dates set forth in the Series Agreement authorizing the issuance of such Bonds and is payable upon redemption or on the maturity date of such Bonds. Nothing in the Trust Agreement prohibits the District from designating in such Series Agreement any such Bonds by a name other than Capital Appreciation Bonds.

"**Coincidental Maximum Annual Debt Service**" means the highest amount of debt service due and payable on the Senior Obligations in the then-current or any succeeding Fiscal Year determined by reference to the Principal and Interest Requirements.

"**Commission**" means the Hampton Roads Sanitation District Commission, which is the governing body of the District.

"**Commonwealth**" means the Commonwealth of Virginia.

"**Construction Fund**" means the Hampton Roads Sanitation District (Virginia) Construction Fund created and so designated pursuant to the Trust Agreement.

"**Contracted Services**" means services rendered or facilities provided to the District for the performance for or on behalf of the District of functions similar to those performed by the District from a specific project, projects or systems, pursuant to a contract, whether a financing lease, a service agreement or another arrangement.

"**Credit Facility**" means a line of credit, letter of credit, standby bond purchase agreement or similar credit enhancement or liquidity facility, including self-liquidity provided by the District, established to provide credit or liquidity support for Indebtedness.

"**Cross-over Date**" means, with respect to Cross-over Refunding Indebtedness, the date on which the principal portion of the related Cross-over Refunded Indebtedness is to be paid or redeemed from the proceeds of such Cross-over Refunding Indebtedness.

"**Cross-over Refunded Indebtedness**" means Indebtedness refunded by Cross-over Refunding Indebtedness.

"**Cross-over Refunding Indebtedness**" means Indebtedness issued for the purpose of refunding other Indebtedness if the proceeds of such refunding Indebtedness are irrevocably deposited in escrow to secure the payment on the applicable redemption date or maturity date of the refunded Indebtedness, and the earnings on such escrow deposit (i) are required to be applied to pay interest on such refunding Indebtedness until the Cross-over Date and (ii) are not to be used directly or indirectly to pay interest on the refunded Indebtedness.

"**Current Interest Bonds**" means Bonds the interest on which is payable on the Interest Payment Dates provided therefor in the Series Agreement authorizing the issuance of such Bonds.

"**Debt Service Component of Contracted Services**" means that part of the payment for Contracted Services for which the District is obligated to pay that the chief financial officer of the District shall have determined in writing in an Officer's Certificate at the time the District commits to receive such Contracted Services to be for the purpose of paying a fixed charge or the principal of and interest on obligations, directly or indirectly associated with rendering the Contracted Services, of the person providing the Contracted Services.

"**Debt Service Reserve Fund**" means the Hampton Roads Sanitation District (Virginia) Debt Service Reserve Fund created and so designated by the Trust Agreement.

"**Debt Service Reserve Fund Requirement**" means (i) on the date of issuance of the Series 2024B Bonds, zero (0) and (ii) if, and to the extent, the District in its sole discretion determines to fund the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement specified in a Series Agreement.

"**Defaulted Interest**" means any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date.

"**Defeasance Obligations**" means, with respect to the Series 2024B Bonds, noncallable (i) Government Obligations, (ii) senior debt obligations issued or guaranteed by, or investments otherwise stripped from senior debt obligations issued by, any federal agency, instrumentality, corporation, or

government-sponsored enterprise, including but not limited to: (1) Federal Home Loan Bank System, (2) Export-Import Bank of the United States, (3) Federal Financing Bank, (4) Government National Mortgage Association, (5) Federal Home Loan Mortgage Company, (6) Federal Housing Administration, (7) Private Export Funding Corp, (8) Federal National Mortgage Association, (9) Federal Farm Credit Bank, (10) Resolution Funding Corporation, including interest strips and principal strips, (11) Rural Economic Community Development Administration (formerly, Farmers Home Administration), (iii) evidences of ownership of a proportionate interest in specified Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (iv) obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act, as amended by Section 511(a) of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, and commonly known as "interest strips" of the Resolution Funding Corporation, (v) Defeased Municipal Obligations, (vi) United States Agency for International Development ("US AID") guaranteed notes (including stripped securities) provided that any US AID security shall mature at least 10 Business Days prior to any cash flow or escrow requirement, and (vii) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity as custodian.

"**Defeased Municipal Obligations**" means, except as otherwise provided in a Series Agreement, obligations of state or local government municipal bond issuers which are rated at the time of acquisition the highest rating by at least two of the three Rating Agencies, meeting the following conditions:

(i) (A) such obligations are not to be redeemed prior to maturity or the Trustee has been given irrevocable instructions concerning their call for redemption, and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(ii) such obligations are secured by Government Obligations that may be applied only to interest, principal, and premium payments on such obligations;

(iii) the principal of and interest on such Government Obligations (plus any cash in the escrow fund with respect to such pre-refunded obligations) are sufficient to meet the liabilities of the obligations;

(iv) the Government Obligations serving as security for the obligations are held by an escrow agent or trustee; and

(v) such Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent.

"**Derivative Agreement**" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, rate or other financial risk; and (v) any other type of contract or arrangement that the District determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another or to protect against any type of financial risk or uncertainty.

"**Derivative Agreement Counterparty**" means, with respect to a Derivative Agreement, the person that is identified in such agreement as the counterparty to, or contracting party with, the District.

"**Derivative Indebtedness**" means all or any portion of Indebtedness of the District that bears interest at

(a) a variable rate for any period of time meeting the following requirements: (i) the District has issued or entered into a Derivative Agreement in respect of all or such portion of such Indebtedness, and (ii) such Derivative Agreement provides that, during the period that such Indebtedness bears interest at a variable rate, the District will pay a fixed rate and the provider of the Derivative Agreement will pay a variable rate, then in such case such Indebtedness, taken together with the Derivative Agreement, is to be deemed to result in a net fixed rate payable by the District for such period of time (the "Hedged Fixed Rate"), for so long as the District and the party(ies) with whom the District has entered into the Derivative Agreement makes all payments required to be made by the terms of the Derivative Agreement, or

(b) a fixed rate for any period of time meeting the following requirements: (i) the District has issued or entered into a Derivative Agreement in respect of all or such portion of such Indebtedness, and (ii) such Derivative Agreement provides that during the period that such Indebtedness bears interest at a fixed rate the District will pay a variable rate and the provider of the Derivative Agreement will pay a fixed rate, then such Indebtedness, taken together with the Derivative Agreement, is to be deemed to result in a net variable rate payable by the District for such period of time (the "Hedged Variable Rate"), assuming the District and the party(ies) with whom the District has entered into the Derivative Agreement make all payments required to be made by the terms of the Derivative Agreement.

"**District**" means the Hampton Roads Sanitation District, a political subdivision of the Commonwealth of Virginia.

"**District Representative**" means each of the persons at the time designated to act on behalf of the District in a written certificate furnished to the Trustee, which certificate is to contain the specimen signature(s) of such person(s) and is to signed on behalf of the Commission by its Chair or Vice Chair or the General Manager/Chief Executive Officer of the District.

"**Effective Date**" means the date on which the Trust Agreement was executed and delivered in accordance with the provisions thereof (July 16, 2024).

"**Financial Statements**" means the unaudited financial statements of the District for the Fiscal Year or other period indicated, pro forma or otherwise, and containing the same financial information as the Audited Financial Statements.

"**Fiscal Year**" means the twelve-month period beginning on July 1 of one calendar year and ending on June 30 of the following calendar year or such other twelve-month period designated by the Commission.

"**Government Obligations**" means direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America.

"**Hedged Fixed Rate**" means Hedged Fixed Rate as defined in the definition of Derivative Indebtedness.

"**Hedged Variable Rate**" means Hedged Variable Rate as defined in the definition of Derivative Indebtedness.

"**Holder**" means an owner of any Senior Obligation issued in other than bearer form.

"**Indebtedness**" means (i) all indebtedness of the District for borrowed money, (ii) all installment sales, conditional sales and capital lease obligations incurred or assumed by the District, and (iii) the Debt Service Component of Contracted Services.

"**Independent Consultant**" means a firm or firms which are not, and no member, stockholder, director, officer, trustee or employee of which is, an officer, director, trustee or employee of the District, and which is a professional management or engineering consultant of national repute for having the skill and experience necessary to render the particular report required by the provision of the Trust Agreement in which such requirement appears.

"**Independent Insurance Consultant**" means a firm or person selected by the District, who is not an officer, director, trustee or employee of the District, and which or who is qualified to survey risks and to recommend insurance coverage for wastewater treatment systems and organizations engaged in such operations and is selected by the District.

"**Interest Payment Date**" means each date described as such in a Series Agreement and, for the Series 2024B Bonds, means each January 1 and July 1, beginning January 1, 2025.

"**Interest Requirements**" for any Fiscal Year means the amount that is required to pay interest on all Outstanding Senior Obligations.

"**Investment Obligations**" means any and all investment obligations authorized by (A) the Investment of Public Funds Act, being Section 2.2-4500 *et seq*., Code of Virginia, 1950, as amended, (B) the Government Non-Arbitrage Investment Act, being Section 2.2-4700 *et seq*., Code of Virginia, 1950, as amended, and (C) successor statutes to those described in (A) and (B) above, as the same may be from time to time amended.

"**Issuance Costs**" means all issuance costs incurred in connection with the Bonds. Examples of such issuance costs include, but are not limited to, the following, if any: (a) counsel fees; (b) financial advisor fees incurred in connection with the issuance of the Bonds; (c) Rating Agency fees; (d) depository fees incurred in connection with the issuance of the Bonds; (e) trustee, paying agent, bond registrar and certifying and authenticating agent fees related to the issuance of the Bonds; (f) accountant fees related to the issuance of the Bonds; (g) printing costs; (h) costs incurred in connection with the required public approval process; and (i) costs of engineering and feasibility studies necessary to the issuance of the Bonds.

"**Issuance Fund**" means the Hampton Roads Sanitation District (Virginia) Issuance Fund created and so designated by the Trust Agreement.

"**Lien**" means any mortgage, deed of trust or pledge of, security interest in or encumbrance on any Property of the District that secures any Indebtedness or any other obligation of the District.

"**Long-Term Debt Service Coverage Ratio**" means, for any period of time, the ratio determined by dividing the Net Revenues by the Coincidental Maximum Annual Debt Service.

"**Long-Term Debt Service Requirement**" means, for any period of 12 consecutive calendar months for which such determination is made, the aggregate of the payments to be made in respect of

principal and interest (whether or not separately stated) on Outstanding Long-Term Indebtedness during such period, also taking into account:

(i) with respect to Balloon Long-Term Indebtedness that is not amortized by the terms thereof (a) the amount of principal that would be payable in such period if such principal were amortized from the date of incurrence thereof over a period of the lesser of 30 years and the number of years until the final maturity of such Indebtedness on a level debt service basis, at an interest rate equal to the market rate for a fixed rate obligation set forth in an opinion, delivered to the District and the Trustee, of a banking institution, an investment banking institution or an independent registered municipal advisor, selected by the District and knowledgeable in municipal finance, as the interest rate at which the District could reasonably expect to borrow the same by incurring Indebtedness with the same term as the period assumed above; provided, however, that if the date of calculation is within 12 calendar months of the actual final maturity of such Indebtedness, the full amount of principal payable at maturity is to be included in such calculation or (b) principal payments or deposits with respect to Indebtedness secured by an irrevocable letter of credit issued by, or an irrevocable line of credit with, a bank or other financial institution, provided such credit arrangement is rated in one of the three highest rating categories by at least two of the Rating Agencies or rated in the highest short-term rating category by at least two of the Rating Agencies, nominally due in the last Fiscal Year in which such Indebtedness matures may, at the option of the District, be treated as if such principal payments or deposits were due as specified in any credit agreement issued in connection with such letter of credit, line of credit or insurance policy or pursuant to the repayment provisions of such letter of credit, line of credit or insurance policy, and interest on such Indebtedness after such Fiscal Year is to be assumed to be payable pursuant to the terms of such credit agreement or repayment provisions;

(ii) with respect to Long-Term Indebtedness that is Variable Rate (but not Hedged Fixed Rate) Indebtedness, the interest on such Indebtedness is to be calculated at 120% of the rate which is equal to the average of the actual interest rates which were in effect (weighted according to the length of the period during which each such interest rate was in effect) for the most recent twelve-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a twelve-month period), except that with respect to new Variable Rate Indebtedness the interest rate for such Indebtedness for the initial interest rate period is 120% of the average of the SIFMA Swap Index for last 12 whole months for which such Index is available and thereafter will be calculated as set forth above;

(iii) with respect to any Credit Facility, (a) to the extent that such Credit Facility has not been used or drawn upon, the principal and interest relating to such Credit Facility will not be included in the Long-Term Debt Service Requirement and (b) to the extent such Credit Facility has been drawn upon, the payment provisions of such Credit Facility with respect to repayment of principal and interest thereon will be included in the Long-Term Debt Service Requirement;

(iv) with respect to Derivative Indebtedness, (i) for any historical computation, the interest on such Indebtedness is to be calculated by adding (A) the amount of interest payable by the District on such Derivative Indebtedness pursuant to its terms and (B) the amount of regularly scheduled payments made by the District pursuant to the Derivative Agreement and subtracting (C) the amount of regularly scheduled payments made by the Derivative Agreement Counterparty pursuant to the Derivative Agreement; (ii) for any historical pro forma or forecasted computation, if the Derivative Agreement Counterparty has a long-term credit rating of at least "A" (without regard to any rating refinement or gradation by numerical modifier or otherwise) assigned to it by at least one Rating Agency then rating the Indebtedness and does not have a long-term rating of less than "A" (without regard to any rating refinement or gradation by numerical modifier or

otherwise) from any Rating Agency then rating the Indebtedness and has not defaulted on its payment obligations thereunder as of the date of computation, the interest on such Derivative Indebtedness is to be calculated at the Hedged Fixed Rate or the Hedged Variable Rate, as the case may be; and (iii) in all other instances, the amount of interest payable by the District on such Derivative Indebtedness is to be calculated as if such Derivative Agreement had not been executed; and

(v) in the case of Indebtedness having the benefit of a Credit Facility that provides for a term loan facility that requires the payment of the principal in one year or more, the Indebtedness is to be considered Balloon Long-Term Indebtedness and is to be assumed to have the maturity schedule described in paragraph (i)(a) of this definition;

provided, however, that (i) interest is to be excluded from the determination of Long-Term Debt Service Requirement to the extent the same is provided from the proceeds of the Long-Term Indebtedness, (ii) the aggregate of the payments to be made with respect to principal and interest on Outstanding Long-Term Indebtedness will not include principal and interest payable from Qualified Escrow Funds, and (iii) principal is to be excluded from the determination of Long-Term Debt Service Requirement on Short-Term Indebtedness described in paragraph (c) under the caption " – Limitations on Indebtedness" in Appendix C.

"**Long-Term Indebtedness**" means all obligations having a maturity of a term longer than one year for borrowed money incurred or assumed by the District, including (a) Short-Term Indebtedness if secured by a Credit Facility containing a commitment to provide financing to retire such Short-Term Indebtedness and such commitment provides for the repayment of principal on terms that would, if such commitment were implemented, constitute Long-Term Indebtedness, and (b) the current portion of Long-Term Indebtedness, for any of the following:

(1) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;

(2) leases that are required to be capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year;

(3) installment sale or conditional sale contracts having an original term in excess of one year; and

(4) the Debt Service Component of Contracted Services in connection with Contracted Services rendered or provided pursuant to a contract having an original term of more than one year.

"**Net Book Value**" when used in connection with Property, Plant and Equipment or other Property, means the value of such property, net of accumulated depreciation, as recognized by the District in conformity with generally accepted accounting principles.

"**Net Revenues**" means all revenues received by the District from its Wastewater System less Operating Expenses, provided that Net Revenues will not include any Transition Charge.

"**Officer's Certificate**" means a certificate signed by a District Representative. Each Officer's Certificate presented pursuant to the Trust Agreement is to state that it is being delivered pursuant to (and is to identify the section or subsection of), and incorporate by reference and use in all appropriate instances all terms defined in, the Trust Agreement. Each Officer's Certificate is to state (i) that the terms thereof

are in compliance with the requirements of the section or subsection pursuant to which such Officer's Certificate is delivered or to state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

"**Operating Expenses**" means those current expenses paid by the District that may be required to pay the cost of maintaining, repairing and operating the Wastewater System, including, but not limited to, reasonable and necessary usual expenses of administration, operation, maintenance and repair, costs for billing and collecting the rates, fees and other charges for the use of or the services furnished by the Wastewater System, insurance premiums, credit enhancement and liquidity support fees, legal, engineering, auditing and financial advisory expenses, expenses and compensation of the Trustee, and deposits into a self-insurance program. Operating Expenses excludes allowance for depreciation and amortization and expenditures for extraordinary maintenance or repair or improvements. Operating Expenses also excludes expenses for improvements that will not be owned by the District but that will, in the reasonable determination of the Commission, as evidenced by a resolution thereof, maintain or improve the integrity of the Wastewater System.

"**Opinion of Bond Counsel**" means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Trustee and experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

"**Opinion of Counsel**" means an opinion in writing signed by an attorney or firm of attorneys who may be counsel for the District or other counsel selected by the District.

"**Outstanding**," when used with reference to Bonds or other Senior Obligations, means, as of a particular date, all Bonds and other Senior Obligations theretofore issued under the Trust Agreement, except:

(1) Bonds and other Senior Obligations theretofore cancelled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

(2) Bonds and other Senior Obligations for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds or other Senior Obligations are to be paid, the principal amount of, and the interest accruing to such date on, the Bonds or other Senior Obligations, as applicable, to be paid, has been deposited with the Trustee or the Bond Registrar in trust for the Holders of such Bonds or other Senior Obligations; Defeasance Obligations shall be deemed to be sufficient to pay Bonds and other Senior Obligations on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the principal of, and the interest accruing on, such Bonds or other Senior Obligations to such date;

(3) Bonds and other Senior Obligations in exchange for or in lieu of which other Bonds or Senor Obligations have been issued; and

(4) Bonds and other Senior Obligations deemed to have been paid in accordance with the provisions for defeasance contained in such Bonds or Senior Obligations (See " – Defeasance" in Appendix C);

provided, however, that Bonds and other Senior Obligations owned or held by or for the account of the District or any affiliate or any subsidiary or controlled affiliate of the District shall not be deemed Outstanding Bonds or Outstanding Senior Obligations for the purpose of any consent or other action or any

calculation of Outstanding Bonds or Outstanding Senior Obligations provided for in the articles of the Trust Agreement relating to default and remedies, Supplements and release of the Trust Agreement, and neither the District nor any affiliate, subsidiary or controlled affiliate of the District as registered owners of such Bonds or other Senior Obligations shall be entitled to consent or take any other action provided for in default and remedies, Supplements and release of the Trust Agreement. Notwithstanding the foregoing, Bonds or other Senior Obligations owned or held for the account of the District or an or any affiliate or any subsidiary or controlled affiliate of the District shall not be deemed to be paid unless the District delivers, or causes such Bonds or other Senior Obligations to be delivered, to the Trustee with the express written instructions of a District Representative directing the Trustee to cancel such Bonds or other Senior Obligations in accordance with the procedures set forth in the Trust Agreement.

"**Principal and Interest Requirements**" for any Fiscal Year means the sum of the Principal Requirements and Interest Requirements for such Fiscal Year.

"**Principal Payment Date**" means each date described as such in a Series Agreement.

"**Principal Requirements**" for any Fiscal Year means the amount required to pay the principal of all Senior Obligations coming due in such Fiscal Year.

"**Property**" means any and all rights, titles and interests in and to any and all property whether real or personal, tangible or intangible and wherever situated.

"**Property, Plant and Equipment**" means all Property of the District which is property, plant and equipment under generally accepted accounting principles.

"**Qualified Escrow Funds**" means amounts deposited in a segregated escrow fund, or other similar fund or account, in connection with the issuance of Indebtedness which fund is required by the documents establishing such fund to be applied toward the District's payment obligations with respect to principal, premium, if any, or interest on (a) the Indebtedness secured thereby which is issued under the documents establishing such fund or (b) Indebtedness secured thereby which was issued prior to the establishment of such fund.

"**Qualified Reserve Fund Substitute**" means (i) an irrevocable letter of credit, naming the Trustee as beneficiary, issued by any domestic or foreign bank, or any branch or agency thereof, whose long-term debt obligations are rated in one of the two highest rating categories by at least two of the Rating Agencies that will rate such obligations, or (ii) a policy of reserve fund insurance naming the Trustee as beneficiary, issued by an insurance company or financial institution whose claims paying ability is rated in one of the two highest rating categories by at least two of the Rating Agencies that rate such obligations, in either case (A) in an amount not less than the Debt Service Reserve Fund Requirement, (B) the terms of which allow the Trustee to make the draws required to fund the Debt Service Reserve Fund if and as required (See " – Debt Service Reserve Fund; Qualified Reserve Fund Substitute" in Appendix C) and (C) that provides that the issuer of which has not been given a lien on any portion of the property of the District unless such lien also secures the Bonds on a parity basis.

"**Rate Covenant**" means the rate covenant of the District set out in the Trust Agreement and described under the caption " – Rate Covenant" in Appendix C hereto.

"**Rating Agency**" or "**Rating Agencies**" means one or more of Fitch Ratings, Inc., Moody's Investors Service, Inc., or S&P Global Ratings, a division of S&P Global Inc., for so long as it is a nationally recognized statistical rating organization and any new nationally recognized statistical rating organization.

"**Senior Obligations**" means Bonds and VRA Obligations.

"**Series Agreement**" means a supplemental trust agreement entered into or the resolution adopted by the Commission providing for the issuance of Senior Obligations pursuant to the Trust Agreement. A Series Agreement will include any Officer's Certificate delivered by a District Representative or Representatives to whom authority has been delegated by the terms of the Series Agreement to provide the details of such Series Obligations and, for purposes of additional VRA Obligations, a Series Agreement will include such resolutions adopted by the Commission or financing agreements authorized thereby specifying the details of such additional VRA Obligations.

"**Short-Term Indebtedness**" means all obligations for borrowed money, other than the current portion of Long-Term Indebtedness, incurred or assumed by the District for any of the following:

(1) money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, of one year or less;

(2) leases that are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(3) installment purchase or conditional sale contracts having an original term of one year or less.

"**SIFMA Swap Index**" means The Securities Industry and Financial Market Association Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, tax-exempt variable rate demand notes published by Bloomberg, or its successor, or otherwise designated by The Securities Industry and Financial Market Association; provided, however, that, if such index is no longer available or its successor, the "SIFMA Swap Index" will mean such other reasonably comparable index selected by the remarketing agent appointed by the District in connection with Variable Rate Indebtedness.

"**Subordinate Obligations**" means Indebtedness of the District the terms of which shall provide that it shall be subordinate and junior in right of payment to the prior payment in full of the Senior Obligations to the extent and in the manner set forth below:

In the event (a) of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the District or to its Property, or in the event of any proceedings for voluntary liquidation, dissolution or other winding-up of the District whether or not involving insolvency or bankruptcy, (b) any Subordinate Obligation is declared or otherwise becomes due and payable before its expressed maturity because of the occurrence of an event of default occurring under the documents pursuant to which such Subordinate Obligation is issued; and such declaration has not been rescinded and annulled, or (c) any Event of Default under the Trust Agreement shall occur and be continuing with respect to any Senior Obligation and (1) written notice of such default shall have been given to the District and (2) judicial proceedings shall be commenced in respect of such Event of Default within 180 days in the case of a default in payment of principal or interest on Senior Obligations and within 90 days in the case of any other default after the giving of such notice, then the Holders of Senior Obligations shall be entitled to receive payment in full of all principal, premium and interest on all Senior Obligations before the Holders of the Subordinate Obligations are entitled to receive any payment on account of principal or interest upon the Subordinate Obligations.

"**Supplement**" means an agreement, including a Series Agreement, supplemental to, and authorized and executed pursuant to the terms of, the Trust Agreement.

"**Tax Certificate**" means a certificate or comparable instrument of the District that contains undertakings of the District with reference to Tax-Exempt Senior Obligations.

"**Tax-Exempt**" with reference to Bonds or other Senior Obligations means any Bonds or Senior Obligations so designated in the related Series Agreement.

"**Total Operating Revenues**" means, with respect to the District, as to any period of time, total operating revenues as determined in accordance with generally accepted accounting principles.

"**Transition Charge**" means any rates, fees, charges or surcharges relating to the Wastewater System or the customers thereof established by irrevocable rate order or other action or instrument, and applicable to or by the District, in conjunction with the issuance of debt or other securities under a separate resolution, indenture or similar instrument (other than the Trust Agreement or other instrument securing Indebtedness secured by revenues of the Wastewater System) to the extent such rates, fees, charges or surcharges are pledged or otherwise encumbered or conveyed as security for such debt or other securities.

"**Trust Agreement**" means the trust agreement entered into by and between Hampton Roads Sanitation District and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024, and effective on the Effective Date, including any Series Agreement and any other trust agreement amendatory thereto or supplemental thereto.

"**Variable Rate Indebtedness**" means any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a fixed or constant rate until maturity.

"**VRA Obligations**" means the District's VRA Obligations or other evidences of indebtedness heretofore issued, and such additional Senior Obligations issued to VRA payable on a parity with Senior Obligations issued pursuant to the Trust Agreement.

"**Wastewater System**" means the wastewater treatment system of the District, as it may at any time exist, and includes all improvements and expansions thereof and additions thereto except as may otherwise be provided by resolution of the Commission.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following is a brief summary of certain provisions of the Trust Agreement. This summary does not purport to be complete or definitive and qualified in its entirety by reference to the Trust Agreement, a copy of which is available for examination at the offices of the Trustee.

Establishment of Funds

The Trust Agreement provides for an Issuance Fund, a Construction Fund, a Bond Fund, and a Debt Service Reserve Fund. It requires that the money and securities in each Fund be held in trust by the Trustee and applied as provided in the Trust Agreement, and pending such application be subject to a lien and charge in favor of the Holders and for the further security of the Holders until paid or transferred pursuant to the Trust Agreement.

Issuance Fund and Construction Fund

The Trust Agreement requires that money in the Issuance Fund be applied to the payment of Issuance Costs incurred in connection with the issuance of the Bonds to be financed from Bond proceeds. Money in the Construction Fund will be applied to Capital Improvement Program Costs. Unexpended fund balances in the Issuance Fund and the Construction Fund will be applied as directed by the District, except as otherwise provided in the applicable Series Agreement.

The District may, in any Series Agreement, create Subfunds within the Issuance Fund and the Construction Fund or authorize the Trustee to create such Subfunds when it deems it desirable or convenient for tracking deposits and expenditures.

Bond Fund

The District will make payments directly to the Trustee for deposit in the Bond Fund in amounts sufficient to pay in full, when due, all Bonds issued under the Trust Agreement, together with the interest thereon. In the event the balance in the Bond Fund is insufficient for such purposes, upon notification by the Trustee, the District is to deliver to the Trustee an amount sufficient to cure the same. If such amount is insufficient, the Trustee is required to transfer to the Bond Fund the amount necessary to remedy the deficiency from the Debt Service Reserve Fund.

Debt Service Reserve Fund; Qualified Reserve Fund Substitute

No funds are on deposit in the Debt Service Reserve Fund as of the date of this Official Statement, and none will be deposited to the credit of the Debt Service Reserve Fund upon the delivery of the Series 2024B Bonds. If the District elects to fund the Debt Service Reserve Fund, then an amount equal to the Debt Service Reserve Fund Requirement, as the same shall be specified in a Supplement, shall be deposited to the Debt Service Reserve Fund Requirement.

The Trustee will use amounts in the Debt Service Reserve Fund to make transfers to the Bond Fund to the extent necessary to pay interest on and principal of the Bonds, whenever and to the extent that the money on deposit in the Bond Fund is insufficient for such purposes and the District has failed to cure such deficiency.

The District may, at any time, deliver to the Trustee a Qualified Reserve Fund Substitute. In such event, if the District also delivers to the Trustee a written statement setting forth the proposed use of the cash and Investment Obligations then on deposit to the credit of the Debt Service Reserve Fund, accompanied by an Opinion of Bond Counsel to the District, addressed to the Trustee, to the effect that such proposed use will not cause the interest on the Tax-Exempt Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation, the Trustee is to transfer to the District all amounts on deposit to the credit of the Debt Service Reserve Fund. If any Qualified Reserve Fund Substitute is in effect, the Trustee is to give such notices and execute such documents as required to assure that funds (i) are available in such amounts and at such times to assure timely payment of principal of and interest on the Bonds and (ii) are drawn to fund the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Fund Requirement at least six months prior to the expiration date of the Qualified Reserve Fund Substitute unless (a) the Trustee has received a substitute Qualified Reserve Fund Substitute to replace such expiring Qualified Reserve Fund Substitute or (b) the expiration date of the expiring Qualified Reserve Fund Substitute is no earlier than the final stated maturity date of the Bonds.

Payment of Principal and Interest

The District will cause to be paid, when due, the principal of (whether at maturity, by acceleration or otherwise) and interest on the Bonds at the places, on the dates and in the manner provided in the Trust Agreement and in said Bonds; provided that it is understood that the Bonds are not general obligations of the District but are special obligations and are payable solely from Net Revenues derived by the District from its Wastewater System and the money attributable to proceeds of Bonds and the income from the investment thereof and not from any other fund or source. To secure the prompt payment of the principal and purchase price of, redemption premium, if any, and the interest on the Senior Obligations and the performance by the District of its other obligations under the Trust Agreement, the District grants to the Trustee a security interest in its Net Revenues.

Investment of Money

Money held for the credit of all funds and accounts created under the Trust Agreement is to be continuously invested and reinvested by the Trustee in Investment Obligations, to the extent practicable in accordance with the instructions of a District Representative. The Trust Agreement requires that any Investment Obligations mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended; provided, however, that Investment Obligations deposited in the Debt Service Reserve Fund mature no later than the final maturity date of the Bonds secured by the Debt Service Reserve Fund.

Unless a Qualified Reserve Fund Substitute is in effect, the District is to reimburse the Debt Service Reserve Fund for any loss resulting from a decline in the value of Investment Obligations in which money held for the credit of the Debt Service Reserve Fund is invested if on any date of valuation the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement.

Investment Obligations acquired with money and credited to any fund or account established under the Trust Agreement are required to be held by or under the control of the Trustee and will be deemed at all times to be part of such fund or account in which such money was originally held. Interest accruing on such Investment Obligation and any profit or loss realized upon the disposition or maturity of such investment will be credited to or charged against such fund or account. The Trustee is required to sell at the best price attainable or reduce to cash a sufficient amount of such Investment Obligations whenever it is necessary to provide money to make any payment or transfer of money from any such fund or account. The Trustee will not be liable or responsible for any loss resulting from any such investment.

Valuation

For the purpose of determining the amount on deposit in any fund or account, Investment Obligations in which money in such fund or account is invested are to be valued (a) if such Investment Obligations mature, or are subject to redemption at the option of the holder thereof, within five years or less from the date of valuation thereof, such Investment Obligations are to be valued at amortized cost, and (b) if such Investment Obligations mature, or are subject to redemption at the option of the holder thereof, more than five years from the date of valuation thereof, such Investment Obligations are to be valued at the market value or the amortized cost thereof, whichever is lower.

The Trustee will value the Investment Obligations in the funds and accounts five Business Days prior to each Interest Payment Date. In addition, subject to prior notice, the Investment Obligations will be valued by the Trustee at any time requested by the District Representative, but not more than once in any calendar month other than as provided in the Trust Agreement.

Limitations on Indebtedness

The District may issue Additional Bonds or incur other Senior Obligations, provided that, after giving effect to all other Indebtedness incurred by the District, such Additional Bonds, other Senior Obligations and Subordinate Obligations are incurred only in the manner and pursuant to the terms set forth below:

(a) Long-Term Indebtedness may be incurred if, prior to incurrence of the Long-Term Indebtedness, there is delivered to the Trustee:

(i) an Officer's Certificate of a District Representative certifying that the Long-Term Debt Service Coverage Ratio for the most recent period of twelve (12) full consecutive calendar months preceding the date of delivery of the certificate of the District Representative for which there are Financial Statements available, adjusted for revenues and expenses resulting from anticipated new customers and any planned program of rate increases that has been approved by the Commission, taking all Long-Term Indebtedness incurred after such period and the proposed Long-Term Indebtedness into account as if such Long-Term Indebtedness had been incurred at the beginning of such period, is not less than 120%;

(ii) an Officer's Certificate of a District Representative certifying that the District is expected to comply with the Rate Covenant set forth in the Trust Agreement for the five Fiscal Years following the date of issuance of the proposed Long-Term Indebtedness. Such certificate is to be accompanied by a statement of the relevant assumptions upon which such pro forma Financial Statements for the District are based, including but not limited to, adjustments to revenues and expenses resulting from anticipated new customers and any planned program of rate increases that has been approved by the Commission;

(iii) if the Long-Term Indebtedness is authorized for any purpose other than the refunding of the outstanding Senior Obligations, an Officer's Certificate of a District Representative to the effect, and to the extent applicable, that in his or her opinion (a) the improvements or property to which the proceeds from the issuance of the Long-Term Indebtedness are to be applied will be a part of the Wastewater System, (b) the proceeds of the Long-Term Indebtedness and other specified sources will be sufficient to pay the estimated cost of such improvements or property, (c) the period of time that will be required to complete such improvements or acquire such property, and (d)(1) the proceeds of the Long-Term Indebtedness are necessary to complete the project to be financed thereby, (2) the failure to make such

improvements or acquire or construct such property will result in an interruption or reduction of Net Revenues, or (3) during the first two Fiscal Years following the completion of the improvements or the acquisition of the property, the projected Net Revenues will satisfy the Rate Covenant described below. In providing this certificate, the District Representative may take into consideration future Wastewater System rate increases, provided that such rate increases have been duly approved by the Commission and any other person and entity required to give approval for the rate increase to become effective. In addition, he or she may take into consideration additional future revenues of the Wastewater System to be derived under then existing contractual agreements entered into by the District and from reasonable estimates of growth in the customer base of the District; or

(iv) an Officer's Certificate of a District Representative certifying compliance with the Rate Covenant (see " – Rate Covenant" below) for the most recent period of 12 full consecutive calendar months for which there are Financial Statements available preceding the date of delivery of the certificate; provided that the District has covenanted in the WIFIA Master Agreement not to issue Long-Term Indebtedness in reliance on the test described in this sub-paragraph (iv) during the period any WIFIA Bonds are outstanding.

(b) Long-Term Indebtedness may be incurred for the purpose of refunding Outstanding Long-Term Indebtedness if, either (i) a certificate of an independent financial advisor to the effect that, the Long-Term Indebtedness issued to refund Outstanding Senior Obligations will have, in the aggregate, a lower Long-Term Debt Service Requirement than the Long-Term Debt Service Requirement on the Senior Obligations to be refunded with the proceeds thereof, or (ii) an Officer's Certificate of a District Representative to the effect that during the first two complete Fiscal Years following the issuance of the refunding Long-Term Indebtedness, the projected Net Revenues will satisfy the Rate Covenant described under " – Rate Covenant" below. In providing the certificate described in clause (b), the Officer's Certificate may take into account the factors described in the last two sentences of subsection (a)(iii) of this Section. In addition, the Trustee shall receive an Opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and application of the proceeds thereof (on the Cross-over Date, in the case of Cross-over Refunding Indebtedness), the Outstanding Long-Term Indebtedness to be refunded thereby will no longer be Outstanding.

(c) Short-Term Indebtedness may be incurred as a Senior Obligation subject to the same tests that apply to the incurrence of Senior Obligations generally; provided, however, that notwithstanding such limitation, the District may incur as a Senior Obligation from time to time and have outstanding at any one time Short-Term Indebtedness in an amount up to 10% of its Total Operating Revenues as reflected in the Financial Statements of the District for the most recent period of twelve consecutive months for which Financial Statements are available, and provided, further, that the District may incur Short-Term Indebtedness secured by a Credit Facility without limitation. Short-Term Indebtedness may be incurred as Subordinate Obligations without compliance with the tests that apply to the incurrence of Senior Obligations.

(d) Additional VRA Obligations may be incurred by the District subject to the delivery of an Officer's Certificate of a District Representative demonstrating compliance with the incurrence test for the issuance of Long-Term Indebtedness described above in paragraphs (a) or (b) above and the Rate Covenant described below, *provided*, *however*, anything in the Trust Agreement notwithstanding, the District may make such additional covenants in a supplemental resolution, financing agreement or other agreement authorizing and securing VRA Obligations as may be required by VRA as a condition of purchasing such VRA Obligations.

(e) Subordinate Obligations may be incurred without limitation.

(f) For purposes of demonstrating compliance with the incurrence test for the issuance of Long-Term Indebtedness described above in paragraph (a), the District may (but is not required to) elect in the applicable Series Agreement to treat all or any Senior Obligations authorized in a Credit Facility (including, for example and without limitation, a self-liquidity arrangement provided by the District, a line of credit or a liquidity facility supporting a commercial paper program), but not immediately issued or incurred under such Credit Facility, as subject to such incurrence test as of a single date, notwithstanding that none, or less than all, of the authorized principal amount of such Senior Obligations have been issued or incurred as of such date.

(g) Notwithstanding the foregoing provisions regarding limitations on Indebtedness described above, nothing contained in the Trust Agreement will preclude the District from incurring any obligation under a Credit Facility.

Rate Covenant

(a) The District has covenanted and agreed in the Trust Agreement that it will fix and collect rates, fees and other charges for the use of and for services furnished or to be furnished by the Wastewater System, and will from time to time revise such rates, fees and other charges so that in each Fiscal Year the Net Revenues will equal at least 120% of the Principal and Interest Requirements. If, for any reason, the Net Revenues are insufficient to satisfy the foregoing covenant, the District shall within one hundred twenty (120) days adjust and increase its rates, fees and other charges (to the extent permitted by the Enabling Act), or reduce its operating and maintenance expenses so as to provide sufficient Net Revenues to satisfy such requirement.

(b) If at any time the District fails to comply with its Rate Covenant described in paragraph (a) above, the District is to immediately notify the Trustee, such notice also containing an Officer's Certificate of a District Representative as to (i) the amount of the deficiency in Net Revenues that existed for the applicable period and the rates, fees and other charges which must be established by the District to cure such deficiency, and (ii) during the Fiscal Year in which the certificate is delivered, the projected Net Revenues will satisfy the Rate Covenant made by the District and described in paragraph (a) above, or, if not, the rates, fees and other charges the District must establish to satisfy such rate covenant. In addition, the District agrees, to the extent permitted by law, to take appropriate action to increase its rates, fees and other charges or reduce its Operating Expenses to cure any deficiency.

(c) On or before the last day of each Fiscal Year, the District will review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the District's rates, fees and other charges are insufficient to satisfy the Rate Covenant described in paragraph (a) above, the District is to promptly take appropriate action to increase its rates, fees and other charges or reduce its operating and maintenance expenses to cure any deficiency.

Limitation on Creation of Liens

The District agrees that it will not create or permit the existence of any Lien on its Property or upon its Net Revenues other than Permitted Liens.

"Permitted Liens" consist of the following:

(a) Liens arising by reason of good faith deposits with the District in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the District to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;

(b) Any Lien arising by reason of deposits with, or the giving of any form of security to, any governmental agency or any body created or approved by law or governmental regulation for any purpose at any time as required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license, or to enable the District to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with any workers' compensation, unemployment insurance, pension or profit sharing plans or other social security, or to share in the privileges or benefits required for companies participating in such arrangements;

(c) Any judgment lien against the District so long as such judgment is being contested in good faith and execution thereon is stayed;

(d) (i) Rights reserved to or vested in any municipality or public authority by the terms of any right, power, franchise, grant, license, permit or provision of law, affecting any Property; (ii) any liens on any Property for taxes, assessments, levies, fees, water and sewer rents, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with such Property, which are not due and payable or which are not delinquent or which, or the amount or validity of which, are being contested and execution thereon is stayed or, with respect to liens of mechanics, materialmen, laborers, suppliers or vendors, have been due for less than 90 days; (iii) easements, rights-of-way, servitudes, restrictions, oil, gas or other mineral reservations and other minor defects, encumbrances, and irregularities in the title to any Property which do not materially impair the use of such Property or materially and adversely affect the value thereof; (iv) to the extent that it affects title to any Property, the Trust Agreement; and (v) landlord's liens;

(e) Any Lien that was existing on the date of authentication and delivery of the first Bonds issued under the Trust Agreement (October 20, 2011); provided that no such Lien may be increased, extended, renewed or modified to apply to any Property of the District not subject to such Lien on such date or to secure Indebtedness not Outstanding on the date of issuance of such Bonds, unless such Lien as so extended, renewed or modified otherwise qualifies as a Permitted Lien under the Trust Agreement;

(f) Any lien on pledges, gifts or grants to be received in the future, including any income derived from the investment thereof;

(g) Any Lien securing Senior Obligations on a parity basis;

(h) Any Liens on Property received by the District through gifts, grants or bequests, such liens being due to restrictions on such gifts, grants or bequests of Property or the income thereon;

(i) Any Lien on moveable equipment securing Indebtedness incurred to purchase such moveable equipment, provided that the total of such Indebtedness does not exceed 15% of the Net Book Value of the Property, Plant and Equipment of the District as shown on the Financial Statements for the prior Fiscal Year; and

(j) Any Lien on Net Revenues securing Subordinate Indebtedness; provided that such Lien is expressly subordinate and junior to the Lien on Net Revenues granted to the Trustee for the payment of principal of, redemption premium, if any, and the interest on the Senior Obligations and to secure the prompt payment of the and the performance by the District of its other obligations under the Trust Agreement.

Designation of Funds

No later than the last Business Day of each month, the District will specifically earmark cash, cash equivalents or marketable securities or any combination thereof in an amount equal to the interest on and the principal of Bonds that will accrue in the next month, taking into account any scheduled maturities of interest or principal scheduled to become due and payable in such month and the funds theretofore earmarked for such purpose. The District may assume that both interest and principal accrue daily from the prior payment date or date of issuance but not more than 12 months prior to a payment date.

Maintenance of Properties

The District covenants in the Trust Agreement:

(a) At all times, to cause its Property to be maintained, preserved and kept in good repair, working order and condition and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing described in this paragraph (a) will be construed to (i) prevent it from ceasing to operate any portion of its Property, if in its judgment (supported, in the case of such a cessation other than in the ordinary course of business by an opinion or certificate of an Independent Consultant) it is advisable not to operate the same, or if it intends to sell or otherwise dispose of the same and within a reasonable time endeavors to effect such sale or other disposition, or (ii) obligate it to retain, preserve, repair, renew or replace any Property, leases, rights, privileges or licenses no longer used or, in the judgment of the Commission, useful in the conduct of its business;

(b) To do all things reasonably necessary to conduct its affairs and carry on its business and operations in such manner as to comply with any and all applicable laws of the United States and the Commonwealth of Virginia and duly observe and conform to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business and the ownership of its Properties; provided, nevertheless, that nothing contained in the Trust Agreement requires it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it is contested in good faith;

(c) To pay promptly all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property; provided, however, that it will have the right to contest in good faith any such taxes, charges or assessments or the collection of any such sums and pending such contest may delay or defer payment thereof;

(d) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable, other than any thereof (exclusive of the Indebtedness created and Outstanding under the Trust Agreement) whose validity, amount or collectability is being contested in good faith;

(e) At all times to comply with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness; and

(f) To procure and maintain all necessary licenses and permits for the operation of its Wastewater System;

provided, however, that it need not comply with the covenants described in this section if and to the extent that the Commission determines in good faith, evidenced by a resolution of the Commission, that such

compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

Insurance

(a) The District agrees that it will maintain, or cause to be maintained, the following types of insurance, subject to the provisions described in subsection (b) below, in such amounts as, in its judgment, are adequate to protect it and its Property and operations from material financial loss: (i) comprehensive general liability insurance, and (ii) property coverage on an "all risk" basis.

(b) If the District is self-insured (excluding deductibles) for any coverage described in (a) above, the District is to provide the Trustee a report of an Independent Insurance Consultant selected by the District not less than every three years, which report is to state whether the anticipated funding of any self-insurance fund is sufficient, and if not, the required funding to obtain such result, and any such self-insurance coverage will be reviewed by the Independent Insurance Consultant not less frequently than annually. If the Independent Insurance Consultant determines in any such report that the anticipated funding of any self-insurance fund is not sufficient, the District covenants that it will undertake to fund such self-insurance fund in the manner recommended by the Independent Insurance Consultant.

Insurance and Condemnation Proceeds

(a) Amounts that do not exceed 20% of the Net Book Value of the Property, Plant and Equipment of the District received by the District as insurance proceeds with respect to any casualty loss or as condemnation awards may be used in such manner as the District may determine, including, without limitation, applying such money to the partial payment or prepayment of any Indebtedness in accordance with the terms thereof and of any pertinent Supplement.

(b) Amounts that exceed 20% of the Net Book Value of the Property, Plant and Equipment received by the District as insurance proceeds with respect to any casualty loss or as condemnation awards will be applied in such manner as the District may determine; provided, however, that the District is to notify the Trustee and within 12 months after the casualty loss or taking, deliver to the Trustee a report of an Independent Consultant stating the Independent Consultant's recommendations, including recommendations as to the use of such proceeds or awards, to cause the Long-Term Debt Service Coverage Ratio for each of the two periods of 12 full consecutive calendar months following the date on which such proceeds or awards are expected to have been fully applied to be not less than 120%, or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, at the highest practicable level.

Annual Budget

The District covenants that on or before the first day of the last month preceding the beginning of each Fiscal Year the Commission will adopt a budget of operating and non-operating revenues and expenses for the ensuing Fiscal Year.

Events of Default

Events of Default under the Trust Agreement are as follows: (a) payment of the purchase price of any Bond shall not be made by the District when the same shall become due and payable; or (b) payment of any installment of interest on any Bond is not made by the District when the same becomes due and payable; or (c) payment of the principal of any Bond is not made by the District when the same becomes due and payable, whether at maturity or by acceleration or otherwise; or (d) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Trust

Agreement or any Supplement to the Trust Agreement, including any covenant, condition, agreement or provision in the Trust Agreement applicable to the District and incorporated by reference in the Trust Agreement, and such default continues for 30 days after receipt by the District of a written notice from the Trustee specifying such default and requiring the same to be remedied; provided, however, if prior to the expiration of such 30 day period the District institutes action reasonably designed to cure such default, no Event of Default is to be deemed to have occurred upon the expiration of such 30-day period for so long as the District pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time.

Remedies for Default

Upon the happening and continuance of an Event of Default, the Trustee may take the following remedial steps: (i) in the case of an Event of Default described in clauses (a), (b) or (c) under " – Events of Default" above, the Trustee may take whatever action at law or in equity is necessary or desirable to collect the payments then due under the Trust Agreement or the Bonds; and (ii) in the case of an Event of Default described in clause (d) under " – Events of Default" above, the Trustee may take whatever action at law or in equity is necessary or desirable to enforce performance, observance or compliance by the District with any covenant, condition, agreement or provision under the Trust Agreement.

Upon the happening and continuance of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding is required to, by notice in writing to the District, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately.

However, if at any time after the principal of Bonds has been declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Trust Agreement, (i) money has accumulated in or has been paid into the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bond not then due and payable by its terms and the interest accrued on such Bond since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Trustee and (ii) all amounts then payable by the District under the Trust Agreement have been paid or a sum sufficient to pay the same has been deposited with the Trustee, and (iii) every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Trust Agreement (other than a default in the payment of the principal of such Bonds then due only because of a declaration of acceleration of maturities) has been remedied to the satisfaction of the Trustee, then the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration of acceleration will not be deemed to be due and payable by their terms) and then Outstanding is required to, by written notice to the District, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Upon the happening and continuance of an Event of Default, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, and upon satisfactory indemnification, is required to, proceed either at equity or at law, or by proceedings in the office of any board or officer having jurisdiction to protect and enforce its rights and the rights of the Holders under the laws of the Commonwealth of Virginia or under the Trust Agreement as the Trustee, being advised by counsel chosen by the Trustee, deems most effectual to protect and enforce such rights. The Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding, upon indemnification satisfactory to the Trustee, have the right to direct the method and place of all remedial

proceedings to be taken by the Trustee, provided that such direction is in accordance with law and the provisions of the Trust Agreement.

Restrictions upon Actions by Individual Holders

Except for the right of any Holder to enforce the payment of the principal of and interest on such Holder's Bond, no Holder will have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust under the Trust Agreement or for any other remedy under the Trust Agreement unless (a) such Holder previously has given to the Trustee written notice of the particular Event of Default, (b) also the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding have made a request of the Trustee after the right to exercise such powers or right of action has accrued, and such Holder has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Trust Agreement or to institute such action, suit or proceedings in its or their name, and (c) there has been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities (including attorney's fees, costs and expenses to be incurred therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time. Notwithstanding the foregoing provisions and without complying therewith, the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefits of all Holders of the Bonds.

Notice of Default to Holders

The Trustee is required to give written notice to all Holders of the occurrence of any Event of Default within 30 days after the Trustee has actual notice thereof, provided, however, except upon the occurrence of an Event of Default due to failure by the District to make payments of any installment of interest on or principal or purchase price of any Bond when the same become due and payable within 30 days after the Trustee received notice of the same, the Trustee may withhold such notice to the Holders if in its opinion such withholding is in the interest of the Holders.

Pro-Rata Application of Funds

Notwithstanding anything in the Trust Agreement to the contrary, if at any time the money in the Bond Fund is not sufficient to pay the interest on or the principal of Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of the Trust Agreement), such money, together with any money then available or thereafter becoming available for such purpose, is to be applied, subject to the compensation and indemnification to the Trustee and Bond Registrar, as follows:

(a) if the principal of all Bonds has not become or has not been declared due and payable, all such money in the Bond Fund is to be applied:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available is not sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that have become due and payable (other than Bonds called for redemption for the payment of which money is held pursuant to the provisions of the Trust Agreement),

in the order of their due dates, and, if the amount available is not sufficient to pay in full the principal of Bonds due and payable on any particular date, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds due to the redemption of Bonds in accordance with the Trust Agreement and the applicable Series Agreement.

(b) If the principal of all Bonds has become or has been declared due and payable, all such money is to be applied to the payment of principal and interest then due upon the Bonds without preference to the persons entitled thereto, without preference or priority of principal over interest or interest over principal, or of any installment of interest over any other installment of interest or any Bond over any other Bond ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto, without any discrimination or preference.

(c) If the principal of all Bonds has been declared due and payable and if such declaration is thereafter rescinded and annulled due to the remediation of an Event of Default, then, subject to the provisions described in paragraph (b) of this section, in the event that the principal of all Bonds later becomes due and payable or is declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund is to be applied in accordance with the provisions described in paragraph (a) above.

Supplemental Trust Agreements without Consent of Holders

The District and the Trustee may without the consent of or notice to any of the Holders, enter into agreements supplemental to the Trust Agreement as are substantially consistent with the terms and provisions of the Trust Agreement:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision of the Trust Agreement that may be inconsistent with any other provision of the Trust Agreement, to make any other provisions with respect to matters or questions arising under the Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Trust Agreement, or

(b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee, or

(c) to add to the provisions of the Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the District in the Trust Agreement other covenants and agreements thereafter to be observed by the District or to surrender any right or power reserved in the Trust Agreement to or conferred upon the District, or

(e) to permit the qualification of the Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the District so determines, to add to the Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law, or

(f) to provide for the issuance of Bonds under a book-entry system, or

(g) to make any other change in the Trust Agreement that, in the judgment of the District, expressed in a resolution of the Commission, and the Trustee, each of which may rely upon a written Opinion of Counsel, will not materially and adversely affect the Holders of the Bonds of each series that will be affected by such supplement.

Modification of Trust Agreement with Consent of Holders

The Holders of not less than a majority of the aggregate principal amount of Bonds then Outstanding will have the right to consent to and approve the execution and delivery by the District and the acceptance by the Trustee of such trust agreement or trust agreements supplemental to the Trust Agreement as deemed necessary or desirable by the District for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, the Trust Agreement; provided, however, that nothing contained in the Trust Agreement will permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds issued under the Trust Agreement without the consent of the Holders of such Bonds, or (b) a reduction in the principal amount of any Bonds or the rate of interest thereon without the consent of the Holders of such Bonds, or (c) the creation of a pledge of receipts and revenues superior to the pledge created by the Trust Agreement without the consent of the Holders of all Bonds Outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all Bonds Outstanding.

If the District requests the Trustee to enter into any supplemental trust agreement described in the immediately preceding paragraph, the Trustee will cause notice of the proposed supplemental trust agreement to be mailed to all Holders. If the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding at the time of the execution of such supplemental trust agreement have consented to and approved the execution, no Holder will have any right to object to the adoption of such supplemental trust agreement.

Defeasance

(a) When the Bonds become due and payable and the whole amount of the principal and the interest so due and payable upon all Bonds is required to be paid, and (b) if the Bonds have not become due and payable, the Trustee or the Bond Registrar holds, sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Bonds then Outstanding to the maturity date or dates of such Bonds and (c) sufficient funds also have been provided or provision has been made for paying all other obligations payable under the Trust Agreement by the District, then and in that case the right, title and interest of the Trustee in the funds and accounts mentioned in the Trust Agreement will thereupon cease, determine and become void and, on demand of the District and upon being furnished with an opinion, satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of the Trust Agreement have been satisfied, the Trustee will release the Trust Agreement and will execute such documents to evidence such release as may reasonably be required by the District and will turn over to the District any surplus in, and all balances remaining in, all funds and accounts.

Otherwise, the Trust Agreement will continue to be and remain in full force and effect; provided, that, in the event Defeasance Obligations are deposited with and held by the Trustee or the Bond Registrar as provided for above, (i) the Trustee will nevertheless retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the

principal and interest for which such Defeasance Obligations have been deposited, and (ii) the Bond Registrar will retain such rights, powers and privileges under the Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds.

Release of Eleventh Supplemental Trust Agreement

When (a) the Series 2024B Bonds have become due and payable in accordance with their terms or otherwise as provided in the Eleventh Supplemental Trust Agreement, the whole amount of the principal and the interest so due and payable upon all Series 2024B Bonds is paid, (b) if the Series 2024B Bonds have not become due and payable in accordance with their terms, the Trustee or the Bond Registrar holds, sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Series 2024B Bonds then Outstanding to the maturity date or dates of such Series 2024B Bonds and (c) sufficient funds also have been provided or provision made for paying all other obligations payable under the Eleventh Supplemental Trust Agreement by the District, then and in that case the right, title and interest of the Trustee in the funds and accounts mentioned in the Eleventh Supplemental Trust Agreement will thereupon cease, determine and become void and, on demand of the District and upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of Bond Counsel, to the effect that all conditions precedent to the release of the Eleventh Supplemental Trust Agreement and the defeasance of the Series 2024B Bonds have been satisfied, the Trustee is to release the Eleventh Supplemental Trust Agreement and is to execute such documents to evidence such release as may reasonably be required by the District and, subject to the provisions of the Trust Agreement, is to turn over to the District any surplus in, and all balances remaining in, all funds and accounts.

Removal of Trustee

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, (i) executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the District, or (ii) so long as no Event of Default has occurred and is continuing, an instrument executed by the District, not less than 60 days before such removal is to take effect as stated in said instrument or instruments. The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of the Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the District or the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding.

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APPENDIX D

PROPOSED OPINION OF BOND COUNSEL

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APPENDIX D

PROPOSED OPINION OF BOND COUNSEL

August 8, 2024

Hampton Roads Sanitation District Commission
Virginia Beach, Virginia

We have examined Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Act"), and certified copies of the proceedings of the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of Hampton Roads Sanitation District (a political subdivision of the Commonwealth of Virginia and herein sometimes called the "District"), authorizing the execution and delivery of the trust agreement, by and between Hampton Roads Sanitation District and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024 (the "Amended and Restated Trust Agreement"), as supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024 (the "Eleventh Supplemental Trust Agreement" and together with the Amended and Restated Trust Agreement, as so supplemented and as the same may be amended and further supplemented, the "Trust Agreement"), each by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and the issuance of

$240,775,000
HAMPTON ROADS SANITATION DISTRICT

Wastewater Revenue Bonds,
Series 2024B

Dated, maturing, subject to redemption, and bearing interest,
all as provided in the Trust Agreement.

Pursuant to the Trust Agreement, as security for the payment of the amounts due on the above-captioned bonds (the "Bonds"), the District has pledged its Net Revenues to the Trustee. The District's Net Revenues consist of all revenues derived by the District from the Wastewater System (as defined in the Trust Agreement) except such part of such revenues as may be required to pay the cost of maintaining, repairing and operating such Wastewater System.

For purposes of the opinions in paragraphs 1, 2 and 3 below, we have relied upon the opinion of Sands Anderson PC to the effect that the resolutions of the Commission authorizing the Bonds and approving the Trust Agreement were duly adopted.

We have also examined one of the Bonds, as executed and authenticated.

Based upon such examination, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued for the purpose of providing funds, together with other available funds, to finance certain improvements included as part of the District's Capital Improvement Program and to pay certain costs of issuing the Bonds.

2. The Trust Agreement has been duly authorized and executed by the District and, assuming due authorization and execution by the Trustee, is a valid, binding and enforceable obligation of the District in accordance with its terms.

3. As provided by the Act, the Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, shall be free and exempt from taxation by the Commonwealth of Virginia and any political subdivision thereof. The Bonds are valid and binding special obligations of the District payable solely from the Net Revenues and other funds pledged as security therefor under the Trust Agreement.

4. The Bonds do not constitute a debt of the Commonwealth of Virginia or of any county, city, town or political subdivision thereof, or a pledge of the faith and credit of the Commonwealth of Virginia or of any county, city, town or political subdivision thereof. The issuance of the Bonds does not directly or indirectly or contingently obligate the Commonwealth of Virginia or any county, city, town or political subdivision thereof to levy or to pledge any form of taxation whatever therefor.

5. Assuming continuing compliance by the District with its covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and except as provided in the following sentence, interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes under current law. Interest on the Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the District to comply with applicable requirements of the Code and its covenants regarding use, expenditure, and investment of the proceeds of the Bonds and the timely payment of certain investment earnings to the United States Treasury, and we render no opinion as to the effect on the exclusion from gross income of the interest on the Bonds for federal income tax purposes of any action taken or not taken without our approval or upon the advice or approval of counsel other than us.

6. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals.

The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of the Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

The enforceability of the Trust Agreement and the obligations of the District with respect to such documents described above are subject to applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in proceedings in equity or law).

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX E

FORM OF
CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement"), dated as of August 8, 2024, is executed and delivered by Hampton Roads Sanitation District (the "District") in connection with the issuance by the District of its Wastewater Revenue Bonds, Series 2024B (the "Bonds"), pursuant to the provisions of the trust agreement, by and between the District and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of October 1, 2011, as amended and restated as of March 1, 2016, as amended, as further amended and restated as of July 1, 2024 (the "Amended and Restated Trust Agreement"), as supplemented by the Eleventh Supplemental Trust Agreement, dated as of August 1, 2024 (the "Eleventh Supplemental Trust Agreement" and together with the Amended and Restated Trust Agreement, as so supplemented, and as the same may be amended and further supplemented, the "Trust Agreement"), by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee. The proceeds of the Bonds are being used by the District to provide funds to finance certain improvements included as part of the District's Capital Improvement Program. The District hereby covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the District;

(xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(xiv) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(xv) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

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

SECTION 3. Provision of Annual Reports.

A. The District shall, or shall cause the Dissemination Agent to, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than December 31 after the end of any Fiscal Year (commencing with its Fiscal Year ended June 30, 2024). Not later than ten (10) days prior to the Filing Date, the District shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the District's audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the District must be submitted, if and when available, together with or separately from the Annual Report.

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

C. If the District fails to provide an Annual Report to the Repository by the date required in subsection A hereto or to file its audited annual financial statements with the Repository when they become publicly available, the District shall send a notice to the Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the District, including operating data, updating such information relating to the

District as described in Exhibit A, all with a view toward assisting the Participating Underwriters in complying with the Rule.

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

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

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

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

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

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

SECTION 10. Default. Any person referred to in Section 12 (other than the District) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds Outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the District hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Trust Agreement or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

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

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

HAMPTON ROADS SANITATION DISTRICT

By: _____
Deputy General Manager and
Chief Financial Officer

EXHIBIT A

CONTENT OF ANNUAL REPORT
HAMPTON ROADS SANITATION DISTRICT

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

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

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

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

EXHIBIT B

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

Re: HAMPTON ROADS SANITATION DISTRICT
WASTEWATER REVENUE BONDS,
SERIES 2024B

CUSIP NO.: 409327 _____

Bonds Dated: August 8, 2024

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

Dated: _____

HAMPTON ROADS SANITATION DISTRICT

By _____

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APPENDIX F

THE DEPOSITORY TRUST COMPANY

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APPENDIX F

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company (DTC), the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provision of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2024B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2024B Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024B Bonds, except if use of the book-entry system for the Series 2024B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial

Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2024B Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024B Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Series 2024B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

HAMPTON ROADS SANITATION DISTRICT

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,

as ESCROW AGENT

Escrow Deposit Agreement relating to
Subordinate Wastewater Revenue Bonds, Series 2016A
Subordinate Wastewater Revenue Bonds, Refunding Series 2017A
Subordinate Wastewater Revenue Bonds, Series 2018A

Dated as of October 2, 2019

ESCROW DEPOSIT AGREEMENT

This ESCROW DEPOSIT AGREEMENT, dated as of October 2, 2019, is by and among Hampton Roads Sanitation District (the "**District**") and The Bank of New York Mellon Trust Company, N.A., as trustee under the Amended and Restated Trust Agreement, dated as of March 1, 2016, as supplemented (the "**Trust Agreement**"), and its successor or successors and any other corporation which may be substituted in its place pursuant to the Trust Agreement and as Paying Agent for the Refunded Bonds (as hereinafter defined) (in such capacity, the "**Trustee**") and as escrow agent hereunder (hereinafter referred to, in either or both capacities, as the "**Escrow Agent**").

WHEREAS, the District has authorized and issued multiple series of Subordinate Bonds under the Trust Agreement; and

WHEREAS, the District wishes to refund the portion of its outstanding Subordinate Wastewater Revenue Bonds, Series 2016A identified in **Part I of Exhibit A-1** (the "**Refunded 2016A Bonds**"); and

WHEREAS, the District wishes to refund the portion of its outstanding Subordinate Wastewater Revenue Bonds, Refunding Series 2017A identified in **Exhibit A-2** (the "**Refunded 2017A Bonds**"); and

WHEREAS, the District wishes to refund the portion of its outstanding Subordinate Wastewater Revenue Bonds, Series 2018A identified in **Part I of Exhibit A-3** (the "**Refunded 2018A Bonds**" and, together with the Refunded 2016A Bonds and the Refunded 2017A Bonds, the "**Refunded Bonds**"); and

WHEREAS, the District wishes to defease the portion of its outstanding Subordinate Wastewater Revenue Bonds, Series 2016A identified in **Part II of Exhibit A-1** (the "**Cash Defeased 2016A Bonds**"); and

WHEREAS, the District wishes to defease the portion of its outstanding Subordinate Wastewater Revenue Bonds, Series 2018A identified in **Part II of Exhibit A-3** (the "**Cash Defeased 2018A Bonds**" and, together with the Cash Defeased 2016A Bonds, the "**Cash Defeased Bonds**"); and

WHEREAS, the District has determined to issue its Subordinate Wastewater Revenue Bonds, Refunding Series 2019A (Federally Taxable) (the "**Series 2019A Bonds**") under the Trust Agreement; and

WHEREAS, pursuant to the Trust Agreement, a portion of the proceeds of the Series 2019A Bonds will be provided to the Trustee, along with certain other money, to enable the Trustee to purchase securities in order to pay the Refunded Bonds and Cash Defeased Bonds (collectively, the "**Refunded and Defeased Bonds**") and discharge and satisfy the covenants, agreements and other obligations of the District to the holders of the Refunded and Defeased Bonds under the Trust Agreement; and

WHEREAS, the purchase and deposit of Escrow Securities (as defined below) and the deposit of the Cash Amount (as defined below) with the Trustee will accomplish the discharge and satisfaction of the covenants, agreements and other obligations of the District to the holders of the Refunded and Defeased Bonds under the Trust Agreement;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. All capitalized terms used herein and not otherwise defined herein shall have the same meanings in this Escrow Deposit Agreement as such terms are given in the Trust Agreement. Reference herein to or citation herein of any provisions of the Trust Agreement shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Escrow Agent by the District and, by its execution and delivery hereof, The Bank of New York Mellon Trust Company, N.A., accepts appointment as Escrow Agent hereunder.

3. There is hereby created and established with the Escrow Agent a special and irrevocable fund designated the "Hampton Roads Sanitation District Subordinate Bonds Refunding Escrow Deposit Fund" (the "**Escrow Fund**") to be held by the Escrow Agent separate and apart from all other funds of the District or the Escrow Agent. There shall be the following three subaccounts within the Escrow Fund: (a) the "**Bond Proceeds Escrow Subaccount,**" (b) the "**2016 Equity Escrow Subaccount,**" and (c) the "**2018 Equity Escrow Subaccount**."

On October 2, 2019, the District shall cause to be transferred Series 2019A Bond proceeds in the amount of $162,912,377.64 (the "**Bond Proceeds Escrow Deposit**") and $66,315,162.34 of District funds, which consists solely of revenues of the District and does not include the proceeds of any obligations the interest on which is excluded from gross income for federal income tax purposes or investment earnings thereon (the "**District Contribution**" and, together with the Bond Proceeds Escrow Deposit, the "**Escrow Deposit**") to the Escrow Agent, and the Escrow Agent shall acknowledge receipt of the Escrow Deposit. Amounts allocable to the Bond Proceeds Escrow Deposit shall be utilized to refund the Refunded Bonds identified in Part I of Exhibit A-1, Exhibit A-2, and Part I of Exhibit A-3. Amounts allocable to the District Contribution shall be utilized to defease the Cash Defeased 2016A Bonds and Cash Defeased 2018A Bonds identified in Part I of Exhibit A-1 and Part I of Exhibit A-3, respectively.

The District directs the Escrow Agent, and the Escrow Agent agrees to deposit the Escrow Deposit and to apply amounts credited to the Escrow Fund as follows:

(a) the Bond Proceeds Escrow Deposit shall be deposited to the Bond Proceeds Escrow Subaccount and $162,912,376.29 applied to the purchase of the Defeasance Obligations listed in **Exhibit B-1** (the "**Bond Proceeds Defeasance Obligations**"), and $1.35 will be held uninvested as cash (the "**Proceeds Cash Deposit**"), which together with the Bond Proceeds Defeasance Obligations, as provided in paragraph (6) hereof, are intended to mature at times and in amounts sufficient, (excluding reinvestment earnings) to pay principal or redemption price of and interest when due on the Refunded Bonds, as set forth in Exhibit C-1;

(b) the District Contribution in the amount of $28,982,080.47 shall be deposited to the 2016 Equity Escrow Subaccount and $28,982,079.42 applied to the purchase of the Defeasance Obligations listed in Exhibit B-2 (the "**2016 Equity Defeasance Obligations**"), and $1.05 will be held uninvested as cash (the "**2016 Equity Cash Deposit**") which together with the 2016 Equity Defeasance Obligations, as provided in paragraph (6) hereof, are intended to mature at times and in amounts sufficient (excluding reinvestment earnings) to pay principal or redemption price of and interest when due on the Cash Defeased 2016A Bonds, as set forth in Exhibit C-2; and

(c) the District Contribution in the amount of $37,333,081.87 shall be deposited to the 2018 Equity Escrow Subaccount and $37,333,080.42 applied to the purchase of the Defeasance Obligations listed in **Exhibit B-3** (the "**2018 Equity Defeasance Obligations**" and, together with the Bond Proceeds Defeasance Obligations and 2016 Equity Defeasance Obligations, together with any Defeasance Obligations substituted therefor and any Defeasance Obligations purchased pursuant to paragraphs (4) or (5) hereof are collectively referred to herein as the "**Escrow Securities**"), and $1.45 will be held uninvested as cash (the "**2018 Equity Cash Deposit**" and, together with the Proceeds Cash Deposit and the 2016 Equity Cash Deposit, the "**Cash Amount**") which together with the 2018 Equity Defeasance Obligations, as provided in paragraph (6) hereof, are intended to mature at times and in amounts sufficient (excluding reinvestment earnings) to pay principal or redemption price of and interest when due on the Cash Defeased 2018A Bonds, as set forth in Exhibit C-3.

Except as otherwise provided below under subparagraph (b) of paragraph (4) with respect to the Escrow Securities, the Escrow Agent shall have no power or duty to invest any money held hereunder or to make substitutions of the Escrow Securities held hereunder or to sell, transfer, or otherwise dispose of the Escrow Securities or moneys acquired hereunder except in accordance with written instructions of the District. Any amounts derived from Escrow Securities not required to be applied to the payment of the principal or redemption price of and interest when due on the Refunded Bonds shall, to the extent practicable, be reinvested at the written direction of the District.

4. (a) Other than as hereinafter provided in this paragraph (4), or in paragraph (5) below, with respect to any amounts received from principal or interest payments on such Escrow Securities (as defined above) remaining in the Escrow Fund, and principal or redemption price of and interest due or to become due on the Refunded Bonds, the Escrow Agent shall leave such amounts received from the maturing principal of and interest on the Escrow Securities to the extent not then used to pay the principal or redemption price of or interest on the Refunded and Defeased Bonds uninvested in the Escrow Fund.

(b) The District hereby directs the Escrow Agent to enter into this Escrow Deposit Agreement, and to invest and reinvest the amount held in the Escrow Fund pursuant to the terms hereof. The Escrow Agent hereby agrees that it will take all of the actions required to be taken by it in its capacity as Trustee under the Trust Agreement and as Escrow Agent hereunder in order to effectuate this Escrow Deposit Agreement. The liability of the Escrow Agent for the payment of the Refunded Bonds, pursuant to this paragraph and the Trust Agreement shall be limited to the application thereto of the Escrow Securities and the interest earnings thereon available for such purposes in the Escrow Fund. The Escrow Agent shall have no responsibility

for any investment losses resulting from the investment, reinvestment, liquidation or substitution of Escrow Securities in accordance with the written direction of the District. The Escrow Agent shall invest amounts held in the Escrow Fund in accordance with the terms of this Escrow Deposit Agreement. The Escrow Agent, at the written direction of the District and upon receipt of the opinions and certificates described below, shall invest and reinvest in Defeasance Obligations any moneys remaining from time to time in the Escrow Fund until they are needed to provide for the payment of the principal or redemption price of and interest on the Refunded Bonds, except as provided by paragraph (5) below. Such money shall be reinvested at the direction of the District in Defeasance Obligations maturing no later than when required to meet an interest or principal payment on the Refunded Bonds, and at such interest rates or yields and for such periods that the District shall direct, provided that the Escrow Agent shall have received (i) a written opinion of a lawyer or a firm of lawyers nationally recognized in the field of municipal finance and satisfactory to the Escrow Agent (an "**Opinion of Counsel**") to the effect that such reinvestment of such money and the interest rates or yields on such moneys and substitute Defeasance Obligations will not adversely affect the exclusion of interest on the Refunded and Defeased Bonds from gross income for federal income tax purposes and (ii) a certification from a nationally recognized verification agent that, immediately following such transaction, the principal of and interest on the Defeasance Obligations in the Escrow Fund when due and paid will, without reinvestment, together with any other money or securities held in the Escrow Fund for such purpose, be sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded and Defeased Bonds when due.

5. The District may withdraw from the Escrow Fund at any time moneys or Defeasance Obligations not then or thereafter needed to pay the principal or redemption price of and interest due or to become due on the Refunded Bonds resulting from any activity described in paragraphs (3) or (4) above or any other action of the District permitted by the Trust Agreement (including that certain of the Refunded Bonds have ceased to be Outstanding by virtue of the fact that such Refunded Bonds have been acquired by the Escrow Agent or the Trustee at the direction of the District) or this Escrow Agreement; the District shall provide to the Trustee a certification from a nationally recognized verification agent that after any such withdrawal the principal of and interest on the moneys and securities on deposit in the Escrow Fund, together with other money or securities held in the Escrow Fund for such purpose, shall be sufficient to pay without reinvestment, when due, the principal or redemption price of and interest on the Refunded Bonds.

6. The District hereby represents, warrants and certifies to the Escrow Agent that the Escrow Securities deposited in the Escrow Fund are and shall be Defeasance Obligations and that, based solely upon calculations and certifications made to it by Bingham Arbitrage Rebate Services, Inc., verification agent,

(a) the Bond Proceeds Defeasance Obligations deposited in the Bond Proceeds Escrow Subaccount mature at such times and in such amounts such that, the maturing principal of and the interest on the Bond Proceeds Defeasance Obligations and Proceeds Cash Deposit will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on the Refunded Bonds, on and prior to the redemption date or maturity date thereof, as the case may be, provided that amounts received from the Bond Proceeds Defeasance Obligations and not needed to pay amounts due on the Refunded Bonds, on the date received

shall be held uninvested until applied to pay amounts due on the Refunded Bonds, or reinvested as provided in paragraph (4);

(b) the 2016 Equity Defeasance Obligations deposited in the 2016 Equity Escrow Subaccount mature at such times and in such amounts such that, the maturing principal of and the interest on the 2016 Equity Defeasance Obligations and 2016 Equity Cash Deposit will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on the Cash Defeased 2016A Bonds, on and prior to the redemption date or maturity date thereof, as the case may be, provided that amounts received from the 2016 Equity Defeasance Obligations and not needed to pay amounts due on the Cash Defeased 2016A Bonds, on the date received shall be held uninvested until applied to pay amounts due on the Cash Defeased 2016A Bonds, or reinvested as provided in paragraph (4); and

(c) the 2018 Equity Defeasance Obligations deposited in the 2018 Equity Escrow Subaccount mature at such times and in such amounts such that, the maturing principal of and the interest on the 2018 Equity Defeasance Obligations and 2018 Equity Cash Deposit will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on the Cash Defeased 2018A Bonds, on and prior to the redemption date or maturity date thereof, as the case may be, provided that amounts received from the 2018 Equity Defeasance Obligations and not needed to pay amounts due on the Cash Defeased 2018A Bonds, on the date received shall be held uninvested until applied to pay amounts due on the Cash Defeased 2018A Bonds, or reinvested as provided in paragraph (4);

all in accordance with and in satisfaction of the provisions of the Trust Agreement and this Escrow Deposit Agreement.

7. The District hereby irrevocably designates the Refunded and Defeased Bonds for redemption on the dates set forth in **Exhibit A-1** through **A-3**, inclusive, hereto. The forms of the notices required to be mailed pursuant to the requirements of the applicable Series Agreement are attached hereto as **Appendices A-1** through **A-3**, inclusive, and the District hereby irrevocably instructs the Trustee to mail such notices at the times and in the manner required by the applicable Series Agreement. Further, the District hereby irrevocably instructs the Trustee to deliver the notices of defeasance, the forms of which is attached hereto as **Appendices B-1** through **B-3**, inclusive, on the date hereof.

8. The District irrevocably covenants that it will take, or cause to be taken, all actions necessary to cause any Refunded Bonds anticipated to be redeemed to be so redeemed, including the timely mailing or publication of notices of redemption and the Escrow Agent shall have no obligation or liability with respect thereto.

9. The deposit of the Escrow Securities and money in the Escrow Fund shall constitute an irrevocable deposit in trust solely for the payment of the Refunded Bonds, and the principal of and interest earnings on such Escrow Securities and money shall be used solely for such purposes, as necessary, subject to paragraphs (4) and (5) hereof.

10. Neither the District nor the Escrow Agent shall sell, transfer or otherwise dispose of the Escrow Securities or the funds held uninvested under this Escrow Deposit Agreement,

except as otherwise provided in paragraphs (4) and (5) hereof and except that the Escrow Agent may effect the transfer of such Escrow Securities or funds to a successor escrow agent in accordance with the Trust Agreement relating to the transfer of rights and property to successor trustees.

11. Subject to the provisions of paragraphs (4) and (5) hereof, the lien and pledge hereby created shall be irrevocable and the holders of the Refunded and Defeased Bonds shall have an express lien on all money and Escrow Securities deposited in the Escrow Fund pursuant to paragraphs (3), (4) and (5) hereof and the interest earnings thereon until paid out, used and applied in accordance with this Escrow Deposit Agreement. Nothing in this Escrow Deposit Agreement shall be deemed to imply that the Refunded Bonds have been paid or deemed paid by reason of the execution of this Escrow Deposit Agreement.

12. In consideration of the services rendered by the Escrow Agent under this Escrow Deposit Agreement, the District agrees to and shall pay to the Escrow Agent such fees and expenses as the District and the Escrow Agent shall agree in writing, including all reasonable expenses, charges, counsel fees and other disbursements incurred by the Escrow Agent or by its attorneys, agents and employees in and about the performance of their powers and duties hereunder, from any money of the District lawfully available therefor and the Escrow Agent shall have no lien, claim, or right of setoff whatsoever upon or against any of the Escrow Securities, Defeasance Obligations, or the funds held uninvested in said Escrow Fund for the payment of such fees and expenses. The District further agrees, to the extent permitted by law, to indemnify and save the Escrow Agent, any successor escrow agent, and its officers, directors, agents, and employees harmless against any extraordinary expenses, services or liabilities which it may incur as a result of entering into this Escrow Deposit Agreement or which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to the Escrow Agent's willful misconduct or bad faith. The provisions of this paragraph (12) shall survive the discharge of this Escrow Deposit Agreement or the earlier resignation or removal of the Escrow Agent.

13. The District hereby acknowledges that the rights, duties, immunities and indemnities of the Trustee set out in Article IX of the Trust Agreement, and the obligations of the District in respect thereof shall be applicable to the Trustee in its capacity as Escrow Agent hereunder.

14. The Escrow Agent will have no duties or responsibilities to the District or any other person in connection herewith except those specifically provided herein and will not be responsible for anything done or omitted to be done by it except for its own negligence, gross negligence, willful or intentional misconduct or default in the performance of any obligation imposed on it hereunder.

15. The Escrow Agent may consult with legal counsel or other experts concerning its duties hereunder, and the opinion of such counsel will be full and complete authority and protection to the Escrow Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

The Escrow Agent may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

The Escrow Agent may perform its duties hereunder by or through attorneys, agents, receivers, or employees. The Escrow Agent shall not be obligated to use or risk its own funds in the performance of its duties hereunder or to pay the principal of, premium, if any, or interest on the Refunded Bonds.

16. Notices. (a) All notices and communications to the District shall be addressed in writing to:

Jay A. Bernas
Director of Finance and CFO
Hampton Roads Sanitation District
1434 Air Rail Avenue
Virginia Beach, Virginia 23455

or at such other address as is furnished from time to time by the District.

All notices and communications to the Escrow Agent shall be addressed in writing to:

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, Pennsylvania, 15262
Attention: Corporate Trust - Public Finance

or at such other address as is furnished from time to time by the Escrow Agent.

(b) Escrow Agent shall have the right to accept and act upon instructions, including funds transfer instructions (**"Instructions")** given pursuant to this Escrow Deposit Agreement and delivered using Electronic Means (as defined below); provided, however, that the District shall provide to the Escrow Agent an incumbency certificate listing officers with the authority to provide such Instructions (**"Authorized Officers"**) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Escrow Agent Instructions using Electronic Means and the Escrow Agent in its discretion elects to act upon such Instructions, the Escrow Agent's understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Escrow Agent cannot determine the identity of the actual sender of such Instructions and that the Escrow Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Escrow Agent shall not

be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

"Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Agent, or another method or system specified by the Escrow Agent as available for use in connection with its services hereunder.

17. Resignation and Discharge of Escrow Agent. The Escrow Agent may resign and thereby become discharged from the trusts hereby created, by written notice mailed to the District by registered or certified mail. Such resignation shall take effect upon the appointment of a new Escrow Agent hereunder and acceptance of the trusts hereby created. The Escrow Agent shall continue to serve as Escrow Agent until a successor is appointed by the District, and the Escrow Agent may, after 60 days subsequent to its resignation, petition the Circuit Court of the City of Virginia Beach, Virginia, for the appointment of a successor Escrow Agent if one has not yet been appointed.

18. This Escrow Deposit Agreement shall terminate when the Escrow Agent shall have transferred all amounts to be transferred hereunder in accordance with **Exhibits C-1** through **C-3**, inclusive, hereto.

19. This Escrow Deposit Agreement and the rights and duties of the parties hereunder shall be governed by, and construed in accordance with, the law of the Commonwealth of Virginia.

20. If any one or more of the covenants or agreements provided in this Escrow Deposit Agreement on the part of the District or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Deposit Agreement.

21. This Escrow Deposit Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers as of the date first above written.

HAMPTON ROADS SANITATION DISTRICT

By:_____
Jay A. Bernas
Director of Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Escrow Agent

By:_____
Kristen Matyas
Vice President

[Signature Page to Subordinate Bond Escrow Agreement]

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers as of the date first above written.

HAMPTON ROADS SANITATION DISTRICT

By:_____
Jay A. Bernas
Director of Finance

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Escrow Agent

By:_____
Kristen Matyas
Vice President

[Signature Page to Subordinate Bond Escrow Agreement]

EXHIBIT A-1

Subordinate Wastewater Revenue Bonds, Series 2016A

Part I – Refunded 2016A Bonds*

Maturity (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2030	$17,825,000	8/1/2026	100%	409327 HH9
2031	18,735,000	8/1/2026	100	409327 HJ5
2032	4,990,000	8/1/2026	100	409327 HK2
2033	20,550,000	8/1/2026	100	409327 HL0
2034	21,085,000	8/1/2026	100	409327 HM8
2035	2,480,000	8/1/2026	100	409327 HN6
2036	2,590,000	8/1/2026	100	409327 HP1
2037	17,020,000	8/1/2026	100	409327 HQ9
2043†	2,815,000	8/1/2026	100	409327 HR7

* Maturities refunded by Bond Proceeds Escrow Deposit.
† Sinking Fund Requirement due August 1, 2038 for term bond maturing on August 1, 2043.

Part II – Cash Defeased 2016A Bonds**

Maturity (August 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2043**	23,435,000	8/1/2026	100	409327 HR7

** Maturities defeased by 2016 Equity Escrow Deposit. Sinking Fund Requirements due August 1, 2039 through August 1, 2043, inclusive, for term bond maturing August 1, 2043.

EXHIBIT A-2

Subordinate Wastewater Revenue Bonds, Series 2017A

Refunded 2017A Bonds*

Maturity (October 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2034	$5,570,000	10/1/2027	100%	409327 JH7
2035	5,860,000	10/1/2027	100	409327 JJ3

* All maturities refunded by Bond Proceeds Escrow Deposit.

EXHIBIT A-3

Subordinate Wastewater Revenue Bonds, Series 2018A

Part I – Refunded 2018A Bonds*

Maturity (October 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2034	$2,085,000	10/1/2027	100%	409327 KN2
2035	2,195,000	10/1/2027	100	409327 KP7
2036	2,305,000	10/1/2027	100	409327 KQ5
2037	2,425,000	10/1/2027	100	409327 KR3
2038	2,550,000	10/1/2027	100	409327 KS1

* Maturities refunded by Bond Proceeds Escrow Deposit.

Part II – Cash Defeased 2018A Bonds**

Maturity (October 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2039	2,680,000	10/1/2027	100	409327 KT9
2040	2,815,000	10/1/2027	100	409327 KU6
2041	2,960,000	10/1/2027	100	409327 KV4
2042	3,110,000	10/1/2027	100	409327 KW2
2043	3,270,000	10/1/2027	100	409327 KX0
2047	14,850,000	10/1/2027	100	409327 KY8

** Maturities defeased by 2018 Equity Escrow Deposit

EXHIBIT B-1

Bond Proceeds Defeasance Obligations

Bond Proceeds Escrow Deposit = $162,912,377.64

Maturity Date	Type	Coupon	Price	Par Amount	Accrued Interest	Total Cost
2/1/2020	SLGS	1.97%	100.00%	$1,537,277		$1,537,277.00
4/1/2020	SLGS	1.91	100.00	516,749		516,749.00
8/1/2020	SLGS	1.81	100.00	1,494,079		1,494,079.00
10/1/2020	SLGS	1.76	100.00	512,491		512,491.00
2/1/2021	SLGS	1.67	100.00	1,516,541		1,516,541.00
4/1/2021	SLGS	1.63	100.00	521,486		521,486.00
8/1/2021	SLGS	1.56	100.00	1,529,204		1,529,204.00
10/1/2021	SLGS	1.54	100.00	525,736		525,736.00
2/1/2022	SLGS	1.49	100.00	1,541,132		1,541,132.00
4/1/2022	SLGS	1.47	100.00	529,783		529,783.00
8/1/2022	SLGS	1.45	100.00	1,552,613		1,552,613.00
10/1/2022	SLGS	1.44	100.00	533,678		533,678.00
2/1/2023	SLGS	1.42	100.00	1,563,869		1,563,869.00
4/1/2023	SLGS	1.42	100.00	537,521		537,521.00
8/1/2023	SLGS	1.40	100.00	1,574,973		1,574,973.00
10/1/2023	SLGS	1.40	100.00	541,337		541,337.00
2/1/2024	SLGS	1.39	100.00	1,585,998		1,585,998.00
4/1/2024	SLGS	1.39	100.00	545,126		545,126.00
8/1/2024	SLGS	1.38	100.00	1,597,020		1,597,020.00
10/1/2024	SLGS	1.38	100.00	550,145		550,145.00
1/31/2025	TNote	2.50	105.47950	1,608,000	$6,882.07	1,702,992.43
3/31/2025	TNote	2.625	106.26050	552,000	79.18	586,637.14
7/31/2025	TNote	2.875	107.95850	1,629,000	8,017.73	1,766,661.70
9/30/2025	TNote	3.00	108.88150	560,000	91.80	609,828.20
1/31/2026	TNote	2.625	107.01050	1,651,000	7,419.41	1,774,162.77
3/31/2026	TNote	2.25	104.89050	568,000	69.84	595,847.88
4/15/2026	RSTRIP		90.11479	575,000		518,160.04
7/31/2026	TNote	1.875	102.78552	109,763,000	352,330.28	113,172,800.60
1/15/2027	RSTRIP		89.42180	575,000		514,175.35
7/15/2027	RSTRIP		88.47743	11,849,000		10,483,690.68
8/15/2027	TSTRIP		88.61000	11,715,000		10,380,661.50
Total				$161,851,758	$374,890.31	$162,912,376.29

Proceeds Cash Deposit = $1.35.

EXHIBIT B-2

2016 Equity Defeasance Obligations

2016 Equity Escrow Deposit = $28,982,080.47

Maturity Date	Type	Coupon	Price	Par Amount	Accrued Interest	Total Cost
2/1/2020	SLGS	1.97%	100.00%	$538,266		$538,266
8/1/2020	SLGS	1.81	100.00	523,141		523,141
2/1/2021	SLGS	1.67	100.00	531,006		531,006
8/1/2021	SLGS	1.56	100.00	535,440		535,440
2/1/2022	SLGS	1.49	100.00	539,616		539,616
8/1/2022	SLGS	1.45	100.00	543,636		543,636
2/1/2023	SLGS	1.42	100.00	547,578		547,578
8/1/2023	SLGS	1.40	100.00	551,465		551,465
2/1/2024	SLGS	1.39	100.00	555,326		555,326
8/1/2024	SLGS	1.38	100.00	559,460		559,460
1/31/2025	TNote	2.50	105.47950	563,000	$2,409.58	596,259.17
7/31/2025	TNote	2.875	107.95850	570,000	2,805.47	618,168.92
1/31/2026	TNote	2.625	107.01050	579,000	2,601.96	622,192.76
4/15/2026	RSTRIP		90.42683	24,020,000		21,720,524.57
Total				$31,156,934	$7,817.01	$28,982,079.42

2016 Equity Cash Deposit = $1.05.

EXHIBIT B-3

2018 Equity Defeasance Obligations

2018 Equity Escrow Deposit = $37,333,081.87

Maturity Date	Type	Coupon	Price	Par Amount	Accrued Interest	Total Cost
4/1/2020	SLGS	1.91%	100.00%	$674,735		$674,735.00
10/1/2020	SLGS	1.76	100.00	669,176		669,176.00
4/1/2021	SLGS	1.63	100.00	680,921		680,921.00
10/1/2021	SLGS	1.54	100.00	686,470		686,470.00
4/1/2022	SLGS	1.47	100.00	691,756		691,756.00
10/1/2022	SLGS	1.44	100.00	696,841		696,841.00
4/1/2023	SLGS	1.42	100.00	701,858		701,858.00
10/1/2023	SLGS	1.40	100.00	706,841		706,841.00
4/1/2024	SLGS	1.39	100.00	711,789		711,789.00
10/1/2024	SLGS	1.38	100.00	717,079		717,079.00
3/31/2025	TNote	2.625	106.26050	722,000	$103.57	767,304.38
9/30/2025	TNote	3.00	108.88150	731,000	119.84	796,043.61
2/15/2026	AID	-	90.19753	742,000		669,265.67
5/15/2026	AID	-	89.83087	742,000		666,545.06
2/15/2027	TSTRIP	-	89.46054	742,000		663,797.21
7/15/2027	RSTRIP	-	88.18700	30,427,000		26,832,658.49
Total				$41,043,466	$223.41	$37,333,080.42

2018 Equity Cash Deposit = $1.45

.

EXHIBIT C-1

Escrow Fund Requirements

Refunded 2016A Bonds

Payment Date	Interest	Principal Redeemed	Total
2/1/2020	$2,702,250.00	-	$2,702,250.00
8/1/2020	2,702,250.00	-	2,702,250.00
2/1/2021	2,702,250.00	-	2,702,250.00
8/1/2021	2,702,250.00	-	2,702,250.00
2/1/2022	2,702,250.00	-	2,702,250.00
8/1/2022	2,702,250.00	-	2,702,250.00
2/1/2023	2,702,250.00	-	2,702,250.00
8/1/2023	2,702,250.00	-	2,702,250.00
2/1/2024	2,702,250.00	-	2,702,250.00
8/1/2024	2,702,250.00	-	2,702,250.00
2/1/2025	2,702,250.00	-	2,702,250.00
8/1/2025	2,702,250.00	-	2,702,250.00
2/1/2026	2,702,250.00	-	2,702,250.00
8/1/2026	2,702,250.00	$108,090,000	110,792,250.00
Total	$37,831,500.00	$108,090,000	$145,921,500.00

Refunded 2017A Bonds

Payment Date	Interest	Principal Redeemed	Total
4/1/2020	$285,750.00	-	$285,750.00
10/1/2020	285,750.00	-	285,750.00
4/1/2021	285,750.00	-	285,750.00
10/1/2021	285,750.00	-	285,750.00
4/1/2022	285,750.00	-	285,750.00
10/1/2022	285,750.00	-	285,750.00
4/1/2023	285,750.00	-	285,750.00
10/1/2023	285,750.00	-	285,750.00
4/1/2024	285,750.00	-	285,750.00
10/1/2024	285,750.00	-	285,750.00
4/1/2025	285,750.00	-	285,750.00
10/1/2025	285,750.00	-	285,750.00
4/1/2026	285,750.00	-	285,750.00
10/1/2026	285,750.00	-	285,750.00
4/1/2027	285,750.00	-	285,750.00
10/1/2027	285,750.00	$11,430,000	11,715,750.00
Total	$4,572,000.00	$11,430,000	$16,002,000.00

Refunded 2018A Bonds

Payment Date	Interest	Principal Redeemed	Total
4/1/2020	$289,000.00	-	$289,000.00
10/1/2020	289,000.00	-	289,000.00
4/1/2021	289,000.00	-	289,000.00
10/1/2021	289,000.00	-	289,000.00
4/1/2022	289,000.00	-	289,000.00
10/1/2022	289,000.00	-	289,000.00
4/1/2023	289,000.00	-	289,000.00
10/1/2023	289,000.00	-	289,000.00
4/1/2024	289,000.00	-	289,000.00
10/1/2024	289,000.00	-	289,000.00
4/1/2025	289,000.00	-	289,000.00
10/1/2025	289,000.00	-	289,000.00
4/1/2026	289,000.00	-	289,000.00
10/1/2026	289,000.00	-	289,000.00
4/1/2027	289,000.00	-	289,000.00
10/1/2027	289,000.00	$11,560,000	11,849,000.00
Total	$4,624,000.00	$11,560,000	$16,184,000.00

EXHIBIT C-2

Escrow Fund Requirements

Cash Defeased 2016A Bonds

Payment Date	Interest	Principal Redeemed	Total
2/1/2020	$585,875.00	-	$585,875.00
8/1/2020	585,875.00	-	585,875.00
2/1/2021	585,875.00	-	585,875.00
8/1/2021	585,875.00	-	585,875.00
2/1/2022	585,875.00	-	585,875.00
8/1/2022	585,875.00	-	585,875.00
2/1/2023	585,875.00	-	585,875.00
8/1/2023	585,875.00	-	585,875.00
2/1/2024	585,875.00	-	585,875.00
8/1/2024	585,875.00	-	585,875.00
2/1/2025	585,875.00	-	585,875.00
8/1/2025	585,875.00	-	585,875.00
2/1/2026	585,875.00	-	585,875.00
8/1/2026	585,875.00	$23,435,000	24,020,875.00
Total	$8,202,250.00	$23,435,000	$31,637,250.00

EXHIBIT C-3

Escrow Fund Requirements

Cash Defeased 2018A Bonds

Payment Date	Interest	Principal Redeemed	Total
4/1/2020	$742,125.00	-	$742,125.00
10/1/2020	742,125.00	-	742,125.00
4/1/2021	742,125.00	-	742,125.00
10/1/2021	742,125.00	-	742,125.00
4/1/2022	742,125.00	-	742,125.00
10/1/2022	742,125.00	-	742,125.00
4/1/2023	742,125.00	-	742,125.00
10/1/2023	742,125.00	-	742,125.00
4/1/2024	742,125.00	-	742,125.00
10/1/2024	742,125.00	-	742,125.00
4/1/2025	742,125.00	-	742,125.00
10/1/2025	742,125.00	-	742,125.00
4/1/2026	742,125.00	-	742,125.00
10/1/2026	742,125.00	-	742,125.00
4/1/2027	742,125.00	-	742,125.00
10/1/2027	742,125.00	$29,685,000	30,427,125.00
Total	$11,874,000.00	$29,685,000	$41,559,000.00

APPENDIX A-1

FORM OF NOTICE OF REDEMPTION

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Series 2016A

Dated Date: March 24, 2016
Redemption Date: August 1, 2026

Maturity (August 1)	Principal Amount	Redemption Price	CUSIPs
2030	$17,825,000	100%	409327 HH9
2031	18,735,000	100	409327 HJ5
2032	4,990,000	100	409327 HK2
2033	20,550,000	100	409327 HL0
2034	21,085,000	100	409327 HM8
2035	2,480,000	100	409327 HN6
2036	2,590,000	100	409327 HP1
2037	17,020,000	100	409327 HQ9
2043	26,250,000	100	409327 HR7

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Amended and Restated Trust Agreement, dated as of March 1, 2016, as supplemented, between Hampton Roads Sanitation District (the "District") and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"), securing the Bonds described above (the "Bonds"), the District has called and does hereby call for redemption on August 1, 2026, the Bonds described above at the redemption price set forth above, together with accrued interest to the date fixed for redemption.

The Bonds will become and be due and payable by wire transfer to The Depository Trust Company, New York, New York, or its nominee, as registered owner of the Bonds. From August 1, 2026, interest on the above-described Bonds will cease to accrue.

Payers are required to withhold 24% of the amount paid upon redemption to those bondholders who have not returned a correctly completed Form W-9 entitled "Payer's Request for Taxpayer Identification Number." If you need a copy of the Form W-9, you should be able to obtain one at your local bank or IRS Service Center. Please return a correctly completed Form W-9 with your Bonds to avoid any such withholding.

Dated: June __, 2026

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

APPENDIX A-2

FORM OF NOTICE OF REDEMPTION

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Refunding Series 2017A

Dated Date: December 19, 2017
Redemption Date: October 1, 2027

Maturity (October 1)	Principal Amount	Redemption Price	CUSIPs
2034	$5,570,000	100%	409327 JH7
2035	5,860,000	100	409327 JJ3

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Amended and Restated Trust Agreement, dated as of March 1, 2016, as supplemented, between Hampton Roads Sanitation District (the "District") and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"), securing the Bonds described above (the "Bonds"), the District has called and does hereby call for redemption on October 1, 2027, the Bonds described above at the redemption price set forth above, together with accrued interest to the date fixed for redemption.

The Bonds will become and be due and payable by wire transfer to The Depository Trust Company, New York, New York, or its nominee, as registered owner of the Bonds. From October 1, 2027, interest on the above-described Bonds will cease to accrue.

Payers are required to withhold 24% of the amount paid upon redemption to those bondholders who have not returned a correctly completed Form W-9 entitled "Payer's Request for Taxpayer Identification Number." If you need a copy of the Form W-9, you should be able to obtain one at your local bank or IRS Service Center. Please return a correctly completed Form W-9 with your Bonds to avoid any such withholding.

Dated: August __, 2027

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

APPENDIX A-3

FORM OF NOTICE OF REDEMPTION

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Series 2018A

Dated Date: February 6, 2018
Redemption Date: October 1, 2027

Maturity (October 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2034	$2,085,000	10/1/2027	100%	409327 KN2
2035	2,195,000	10/1/2027	100	409327 KP7
2036	2,305,000	10/1/2027	100	409327 KQ5
2037	2,425,000	10/1/2027	100	409327 KR3
2038	2,550,000	10/1/2027	100	409327 KS1
2039	2,680,000	10/1/2027	100	409327 KT9
2040	2,815,000	10/1/2027	100	409327 KU6
2041	2,960,000	10/1/2027	100	409327 KV4
2042	3,110,000	10/1/2027	100	409327 KW2
2043	3,270,000	10/1/2027	100	409327 KX0
2047	14,850,000	10/1/2027	100	409327 KY8

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Amended and Restated Trust Agreement, dated as of March 1, 2016, as supplemented, between Hampton Roads Sanitation District (the "District") and The Bank of New York Mellon Trust Company, N.A., as successor Trustee (the "Trustee"), securing the Bonds described above (the "Bonds"), the District has called and does hereby call for redemption on October 1, 2027, the Bonds described above at the redemption price set forth above, together with accrued interest to the date fixed for redemption.

The Bonds will become and be due and payable by wire transfer to The Depository Trust Company, New York, New York, or its nominee, as registered owner of the Bonds. From October 1, 2027, interest on the above-described Bonds will cease to accrue.

Payers are required to withhold 24% of the amount paid upon redemption to those bondholders who have not returned a correctly completed Form W-9 entitled "Payer's Request for Taxpayer Identification Number." If you need a copy of the Form W-9, you should be able to obtain one at your local bank or IRS Service Center. Please return a correctly completed Form W-9 with your Bonds to avoid any such withholding.

Dated: August __, 2027

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

APPENDIX B-1

FORM OF NOTICE OF DEFEASANCE

NOTICE OF ESTABLISHMENT OF ESCROW FUND

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Series 2016A

Dated Date: March 24, 2016
Redemption Date: August 1, 2026

NOTICE IS HEREBY GIVEN by Hampton Roads Sanitation District (the "District") to the holders of the Bonds described below that, pursuant to the terms of an Escrow Agreement, dated as of October 2, 2019 (the "Escrow Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., in its capacity as escrow agent (the "Escrow Agent"), there has been deposited, in trust, with the Escrow Agent, cash and Defeasance Obligations in an amount that, together with interest thereon, will provide for the payment, when due, of the principal of and the interest on the portion of said bonds (collectively, the "Defeased Bonds") to their respective maturity dates, as set forth below:

Maturity (August 1)	Principal Amount	Redemption Price	CUSIPs
2030	$17,825,000	100%	409327 HH9
2031	18,735,000	100	409327 HJ5
2032	4,990,000	100	409327 HK2
2033	20,550,000	100	409327 HL0
2034	21,085,000	100	409327 HM8
2035	2,480,000	100	409327 HN6
2036	2,590,000	100	409327 HP1
2037	17,020,000	100	409327 HQ9
2043	26,250,000	100	409327 HR7

This notice is provided solely for informational purposes and does not constitute a notice of redemption. There is no need for the holders of the Defeased Bonds to take any action with respect to the Defeased Bonds.

Dated: October 2, 2019

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

APPENDIX B-2

FORM OF NOTICE OF DEFEASANCE

NOTICE OF ESTABLISHMENT OF ESCROW FUND

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Refunding Series 2017A

Dated Date: December 19, 2017
Redemption Date: October 1, 2027

NOTICE IS HEREBY GIVEN by Hampton Roads Sanitation District (the "District") to the holders of the Bonds described below that, pursuant to the terms of an Escrow Agreement, dated as of October 2, 2019 (the "Escrow Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., in its capacity as escrow agent (the "Escrow Agent"), there has been deposited, in trust, with the Escrow Agent, cash and Defeasance Obligations in an amount that, together with interest thereon, will provide for the payment, when due, of the principal of and the interest on the portion of said bonds (collectively, the "Defeased Bonds") to their respective maturity dates, as set forth below:

Maturity (October 1)	**Principal Amount**	**Redemption Price**	**CUSIPs**
2034	$5,570,000	100%	409327 JH7
2035	5,860,000	100	409327 JJ3

This notice is provided solely for informational purposes and does not constitute a notice of redemption. There is no need for the holders of the Defeased Bonds to take any action with respect to the Defeased Bonds.

Dated: October 2, 2019

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

APPENDIX B-3

FORM OF NOTICE OF DEFEASANCE

NOTICE OF ESTABLISHMENT OF ESCROW FUND

HAMPTON ROADS SANITATION DISTRICT, VIRGINIA

Subordinate Wastewater Revenue Bonds, Series 2018A

Dated Date: February 6, 2018
Redemption Date: October 1, 2027

NOTICE IS HEREBY GIVEN by Hampton Roads Sanitation District (the "District") to the holders of the Bonds described below that, pursuant to the terms of an Escrow Agreement, dated as of October 2, 2019 (the "Escrow Agreement"), between the District and The Bank of New York Mellon Trust Company, N.A., in its capacity as escrow agent (the "Escrow Agent"), there has been deposited, in trust, with the Escrow Agent, cash and Defeasance Obligations in an amount that, together with interest thereon, will provide for the payment, when due, of the principal of and the interest on the portion of said bonds (collectively, the "Defeased Bonds") to their respective maturity dates, as set forth below:

Maturity (October 1)	Principal Amount	Redemption Date	Redemption Price	CUSIPs
2034	$2,085,000	10/1/2027	100%	409327 KN2
2035	2,195,000	10/1/2027	100	409327 KP7
2036	2,305,000	10/1/2027	100	409327 KQ5
2037	2,425,000	10/1/2027	100	409327 KR3
2038	2,550,000	10/1/2027	100	409327 KS1
2039	2,680,000	10/1/2027	100	409327 KT9
2040	2,815,000	10/1/2027	100	409327 KU6
2041	2,960,000	10/1/2027	100	409327 KV4
2042	3,110,000	10/1/2027	100	409327 KW2
2043	3,270,000	10/1/2027	100	409327 KX0
2047	14,850,000	10/1/2027	100	409327 KY8

This notice is provided solely for informational purposes and does not constitute a notice of redemption. There is no need for the holders of the Defeased Bonds to take any action with respect to the Defeased Bonds.

Dated: October 2, 2019

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee under the Amended and Restated Trust Agreement and as Escrow Agent

NOTICE OF SALE

HAMPTON ROADS SANITATION DISTRICT

$64,190,000*
Subordinate Wastewater Revenue Bonds
Series 2018A

Electronic Bids, BiDCOMP/Parity Competitive Bidding System ("BiDCOMP/Parity") only, will be received by Hampton Roads Sanitation District (the "District"), until 10:45 a.m.*, Virginia Beach, Virginia Time, on **Tuesday, January 23, 2018** (unless such time or date is changed as described herein) for the purchase of all, but not less than all, of the District's $64,190,000* Subordinate Wastewater Revenue Bonds, Series 2018A (the "Series 2018A Bonds").

Preliminary Official Statement

The District has authorized the preparation and distribution of a Preliminary Official Statement, dated January 16, 2018 (the "Preliminary Official Statement"), containing information relating to the Series 2018A Bonds. The Notice of Sale and the Preliminary Official Statement may be obtained without cost via the Internet at www.i-dealprospectus.com. The Preliminary Official Statement at its date is "deemed final" by the District for purposes of the Securities and Exchange Commission Rule 15c2-12 adopted under the Securities Exchange Act of 1934, as amended (the "Rule"), but is subject to revision, amendment and completion, as permitted by the Rule.

The Series 2018A Bonds

Authorization and Security

Set forth below is a brief summary of the Series 2018A Bonds. Such summary is not comprehensive and is qualified in its entirety by reference to the Preliminary Official Statement and the appendices thereto. Capitalized terms used but not defined herein have the meanings given such terms in the Preliminary Official Statement.

The Series 2018A Bonds are being issued in accordance with the provisions of Chapter 66 of the Acts of Assembly of Virginia of 1960, as amended (the "Enabling Act"). On November 28, 2017, the Hampton Roads Sanitation District Commission (the "Commission"), the governing body of the District, authorized by resolution the issuance of the Series 2018A Bonds. The Commission is issuing the Series 2018A Bonds for the purpose of providing funds, together with other available funds, to finance a portion of the costs of the District's Capital Improvement Program.

The Series 2018A Bonds are special obligations of the District payable solely from the Net Revenues Available for Debt Service derived by the District from the operation of its

* Preliminary, subject to change.

Wastewater System and other funds pledged to secure the Series 2018A Bonds under the Trust Agreement (hereinafter defined). The District's Net Revenues Available for Debt Service consist of all revenues derived by the District from the Wastewater System except such part of such revenues as may be required to pay (i) the cost of maintaining, repairing and operating such Wastewater System and (ii) Senior Obligations.

The Commission has determined to provide for the issuance of the Series 2018A Bonds under the Amended and Restated Trust Agreement, dated as of March 1, 2016 (the "Amended and Restated Trust Agreement"), as supplemented by the Sixth Supplemental Trust Agreement, dated as of February 1, 2018 (the "Sixth Supplemental Trust Agreement" and the Amended and Restated Trust Agreement, as so supplemented and as the same may be amended and further supplemented from time to time, the "Trust Agreement"), each by and between the District and The Bank of New York Mellon Trust Company, N.A., as trustee.

Details of Series 2018A Bonds; Book-Entry Only

The Series 2018A Bonds will be dated their date of delivery. Interest on the Series 2018A Bonds will be payable semiannually on April 1 and October 1, commencing October 1, 2018. The Series 2018A Bonds will be issued as fully registered bonds only in book-entry form payable to a nominee of The Depository Trust Company, New York, New York ("DTC") as securities depository for the bonds. Reference is made to the Preliminary Official Statement relating to the Series 2018A Bonds for the applicable provisions relating to the transfer of beneficial ownership, manner of redemption, the responsibilities of DTC participants and the right of the District to discontinue use of the book-entry only system.

Maturity Schedule

The principal of the Series 2018A Bonds will be due (subject to the right of prior redemption as hereinafter set forth) on the 1st day of October in the following years and in the following amounts, respectively:

Series 2018A Bonds
Initial Maturity Schedule*

Maturity Date (October 1)	Principal Amount	Maturity Date (October 1)	Principal Amount
2018	$ 620,000	2033	$1,995,000
2019	1,115,000	2034	2,095,000
2020	1,150,000	2035	2,205,000
2021	1,185,000	2036	2,315,000
2022	1,220,000	2037	2,435,000
2023	1,265,000	2038	2,560,000
2024	1,315,000	2039	2,690,000
2025	1,370,000	2040	2,830,000
2026	1,425,000	2041	2,975,000
2027	1,485,000	2042	3,125,000
2028	1,555,000	2043	3,285,000
2029	1,635,000	2044	3,455,000
2030	1,715,000	2045	3,635,000
2031	1,805,000	2046	3,820,000
2032	1,895,000	2047	4,015,000

Changes to Maturity Schedule

The Initial Maturity Schedule set forth above represents an estimate of the principal amount of Series 2018A Bonds to be sold. The District hereby reserves the right to change the Initial Maturity Schedule, based on market conditions immediately prior to the sale, by announcing any such change not later than one hour prior to the scheduled sale time, on the date for receipt of bids via TM3 (www.tm3.com). The resulting schedule of maturities will become the "Bid Maturity Schedule." If no such change is announced, the Initial Maturity Schedule will become the Bid Maturity Schedule.

Changes to Bid Maturity Schedule

The District hereby further reserves the right to change the Bid Maturity Schedule after the determination of the winning bidder, by increasing or decreasing the aggregate principal amount of the Series 2018A Bonds, subject to the limitation of no more than a **10% increase or decrease** in the aggregate principal amount of the Series 2018A Bonds. The District anticipates that it will communicate the final principal amounts by 4:00 p.m. on the bid date, but reserves the right to communicate the final principal amounts no later than 11:00 a.m. on the day following the bid date.

THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING TERMS (AS HEREAFTER DEFINED) AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS

* Preliminary, subject to change.

WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the final aggregate principal amount of the Series 2018A Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of Bonds from the selling compensation that would have been received based on the purchase price in the winning bid and the Initial Reoffering Terms. The interest rates specified by the successful bidder for the various maturities at the Initial Reoffering Terms will not change. The District anticipates that the final annual principal amounts and the final aggregate principal amount of the Series 2018A Bonds will be communicated to the successful bidder within twenty-four hours of the District's receipt of the initial public offering prices and yields of the Series 2018A Bonds (the "Initial Reoffering Terms").

Term Bond Option

The bidders may designate two or more of the consecutive serial maturities, which serial maturities must mature October 1, 2028 or thereafter, as one, but not more than one, term bond maturity equal in aggregate principal amount, and with amortization requirements corresponding, to such designated serial maturities.

Optional Redemption

The Series 2018A Bonds that are stated to mature after October 1, 2027* may be redeemed prior to their respective maturities, at the option of the District, from any moneys that may be made available for such purpose, either in whole or in part, on any date beginning October 1, 2027*, at a redemption price of par, together with the interest accrued thereon to the date fixed for redemption.

* Preliminary, subject to change.

Bid Parameters Table for the Series 2018A Bonds*

INTEREST		PRICING	
Anticipated Delivery Date:	February 6, 2018	Max. Aggregate Bid Price:	No Limit
Interest Payment Dates:	4/1 and 10/1	Min. Aggregate Bid Price:	107%
First Interest:	10/1/18	High Coupon per Maturity:	5%
Coupon Multiples:	1/8 or 1/20 of 1%	Min. Coupon per Maturity:	2018 to 2027 – None 2028 to 2047 – 5%
Zero Coupons:	Not Permitted	Low Price Per Maturity:	No Limit
Split Coupons:	Not Permitted		
PRINCIPAL		**PROCEDURAL**	
Post-bid Principal Increases in Aggregate:	10%	Sale Date and Time:	Bids due January 23, 2018, at 10:45 a.m. Virginia Beach Time
Post-bid Principal Reductions in Aggregate:	10%	Bid Submission:	Electronic bids through BiDCOMP/PARITY Only
First Optional Redemption:	October 1, 2027 at 100%	All or None?	Yes
Term Bonds:	(Any two or more consecutive maturities, maturing on and after October 1, 2028. may be designated as a single term bond)	Bid Award Method:	Lowest TIC
		Good Faith Deposit:	1% of aggregate par amount, as more fully described on page 7, under "Good Faith Deposit"

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of i-Deal LLC's BiDCOMP/Parity Competitive Bidding System. If you do not have a contract with BiDCOMP/Parity, call (212) 404-8102 to inquire about becoming a customer. By submitting a bid for the Series 2018A

* Subject to the detailed provisions of this Notice of Sale.

Bonds, a prospective bidder represents and warrants to the District that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. By contracting with BiDCOMP/Parity a prospective bidder is not obligated to submit a bid in connection with the sale.

IF ANY PROVISIONS OF THIS NOTICE OF SALE SHALL CONFLICT WITH INFORMATION PROVIDED BY BiDCOMP/Parity AS APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE OF SALE, AS IT MAY BE AMENDED BY THE DISTRICT AS DESCRIBED WITHIN, SHALL CONTROL. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 404-8102.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the District nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the District nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BiDCOMP/Parity. The District is using BiDCOMP/Parity as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Series 2018A Bonds. The District is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the District is not responsible, directly or indirectly, for any of such costs or expenses.

If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Series 2018A Bonds, it should telephone BiDCOMP/Parity and notify Public Financial Advisors LLC, the District's financial advisor, by telephone at (703) 741-0175. After receipt of bids is closed, the District through BiDCOMP/Parity will indicate the apparent successful bidder. Such message is a courtesy only for viewers, and does not constitute the award of the Bonds. Each bid will remain subject to review by the District to determine its true interest cost rate and compliance with the terms of this Notice of Sale.

Bidding Procedures

Bids must be submitted electronically for the purchase of the Bonds (all or none "AON") by means of the Hampton Roads Sanitation District AON Bid Form (the "Bid Form") via BiDCOMP/Parity. Bids must be communicated electronically to BiDCOMP/Parity by 10:45

a.m., Virginia Beach, Virginia Time on the Scheduled Bid Date unless postponed as described herein (see "Change of Bid Date and Closing Date; Other Changes to Notice of Sale"). Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP/Parity. Once the final bid has been saved in BiDCOMP/Parity, the bidder may select the final bid button in BiDCOMP/Parity to submit the bid to BiDCOMP/Parity. Once the bids are released electronically via BiDCOMP/Parity to the District, each bid will constitute an **IRREVOCABLE** offer to purchase the Series 2018A Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP/Parity shall constitute the official Virginia Beach, Virginia Time. For information purposes only, bidders are requested to state in their bids the true interest cost to the District, as described under "Award of Series 2018A Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

REVOCABLE BIDS ARE NOT PERMITTED.

By submitting a bid for the Series 2018A Bonds, each underwriter certifies it has an established industry reputation for underwriting new issuances of municipal bonds. The District will not accept bids from firms without an established industry reputation for underwriting new issuances of municipal bonds.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above.

Good Faith Deposit

After receipt of bids is closed and prior to the award (no later than 5:00 p.m., Virginia Beach, Virginia time), the apparent successful bidder indicated on BidCOMP/Parity must submit a good faith deposit (the "Deposit") for 1% of the amount of the Bid Maturity Schedule to the District by wire transfer. The award to the apparent successful bidder is contingent upon receipt of the Deposit by not later than 5:00 p.m. (Virginia Beach, Virginia Time) on the date of the sale, and the Series 2018A Bonds will not be awarded to such bidder until District has confirmation of receipt of the Deposit.

Wire instructions for the Deposit are as follows:

Bank Name:	Bank of America
Bank Address:	P.O. Box 27025 Richmond, VA
ABA Routing Number:	026009593
Account Name:	HRSD, CORPORATE DISBURSING ACCOUNT
Account Number:	004112811895

Reference your company, company contact, phone number or other helpful identification.

Award of Series 2018A Bonds

Award or rejection of bids will be made by the District prior to 5:00 p.m., Virginia Beach, Virginia Time on the date of receipt of bids. ALL BIDS SHALL REMAIN FIRM UNTIL 5:00 P.M., VIRGINIA BEACH, VIRGINIA TIME, ON THE DATE OF RECEIPT OF BIDS. An award of the Series 2018A Bonds, if made, will be made by the District between receipt of the bids and 5:00 p.m.

The Series 2018A Bonds will be awarded to the bidder offering to purchase the Series 2018A Bonds at the lowest "True or Canadian" interest cost ("TIC"), such cost to be calculated by determining the annual interest rate (compounded semi-annually) at which the sum of the payments of the principal of and interest on the Series 2018A Bonds equals the aggregate price bid of the Series 2018A Bonds. If two or more bidders offer to purchase the Series 2018A Bonds at the same lowest TIC, the successful bidder will be selected by the District by lot from among all such bidders. There will be no auction.

Award of the Series 2018A Bonds or rejection of bids will be made by or on behalf of the District on the date above stated for the receipt of bids. The proceeds of the Deposit will be held as security for the performance of the successful bidder's bid and applied to the purchase price of the Series 2018A Bonds, but, in the event the successful bidder shall fail to comply with the terms of its bid, the Deposit will be retained as and for full liquidated damages. No interest will be allowed thereon.

Initial Reoffering Terms

The apparent successful bidder shall provide the initial public offering prices to the public (the "Initial Public Offering Prices") and yields of each maturity of the Series 2018A Bonds (collectively the "Initial Reoffering Terms") within 30 minutes of receipt of notice that it is the apparent winning bidder.

Right of Rejection

The District expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Series 2018A Bonds or otherwise provide for the public sale of the Series 2018A Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of the Series 2018A Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Changes to Bid Date and Time; Changes to Notice of Sale

The District reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to announce any such change via TM3 (www.tm3.com).

Any postponement of the bid date will be announced via TM3 not later than one hour prior to the announced time for receipt of the bids. An alternative bid date and time will be announced via TM3 at least 18 hours prior to such alternative bid date.

On such alternative bid date and time, the District will accept bids for the purchase of the Series 2018A Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for bidding and any other changes announced via TM3 at the time the bid date and time are announced.

The District may change the scheduled delivery date for the Series 2018A Bonds by notice given in the same manner as set forth for a change in the date for the receipt of bids.

The District reserves the right to otherwise change this Notice of Sale. The District anticipates that it would communicate any such changes via TM3 by 4:00 p.m., Virginia Beach, Virginia Time on the date prior to the scheduled date for receipt of bids but no later than one hour prior to the scheduled time and date for receipt of bids.

Establishment of Issue Price

The successful bidder shall assist the District in establishing the issue price of the Series 2018A Bonds and shall execute and deliver to the District prior to Closing a certificate acceptable to Bond Counsel setting forth the reasonably expected Initial Public Offering Price, or the sales price or prices of the Series 2018A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary in the reasonable judgment of the successful bidder, the District or Bond Counsel.

The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

(1) the District shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Series 2018A Bonds to the bidder that submits a firm offer to purchase the Series 2018A Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

If the District receives less than three bids that conform to the parameters contained herein such that the competitive sale requirements are not satisfied, the District intends to treat the Initial Public Offering Price of each maturity of the Series 2018A Bonds as the issue price of that maturity (the "hold-the-offering-price rule"). Consequently, bidders should assume for purposes of making their bid that for each maturity of the Series 2018A Bonds that the District will treat the Initial Public Offering Prices as of the Sale Date of the Series 2018A Bonds as the issue price of the Series 2018A Bonds. The District will advise the apparent winning bidder within one hour of receipt of bids if the hold the offering price rule will apply. Attached as

Exhibit B is a form of the issue price certificate to be provided by the successful bidder to the District prior to the Closing if the competitive sale requirements are not satisfied and the hold the offering price rule is applied. Exhibit B is provided in form only and may be modified as may be appropriate or necessary in the reasonable judgment of the successful bidder, the District or Bond Counsel.

By submitting a bid, the successful bidder represents that it shall, on behalf of the underwriters participating in the purchase of the Series 2018A Bonds, (i) confirm that the underwriters have offered or will offer each maturity of the Series 2018A Bonds to the public on or before the date that the Series 2018A Bonds are awarded by the District to the successful bidder ("Sale Date") at the Initial Public Offering Price set forth in the bid submitted by the winning bidder, and (ii) agree, on behalf of the underwriters participating in the purchase of the Series 2018A Bonds, that the underwriters will neither offer nor sell any maturity of the Series 2018A Bonds to any person at a price that is higher than the Initial Public Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of the following:

(1) the close of the fifth business day after the Sale Date; and

(2) the date on which the underwriters have sold at least 10% of that maturity of the Series 2018A Bonds to the public at a price that is no higher than the Initial Public Offering Price for such maturity.

The winning bidder shall promptly advise the District when the underwriters have sold 10% of each maturity of the Series 2018A Bonds to the public at a price that is no higher than the Initial Public Offering Price if that occurs prior to the close of the fifth (5^{th}) business day after the Sale Date.

The District acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Series 2018A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Series 2018A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Series 2018A Bonds.

By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the sale of the Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to

(A) report the prices at which it sells to the public the Series 2018A Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public, and

(B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder and in the related pricing wires, and

(ii) any agreement among underwriters relating to the sale of the Series 2018A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Series 2018A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to

(A) report the prices at which it sells to the public the unsold Series 2018A Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Series 2018A Bonds of that maturity or all Series 2018A Bonds of that maturity have been sold to the public, and

(B) comply with the hold-the-offering-price rule, if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Series 2018A Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2018A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2018A Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2018A Bonds to the public), and

(iii) a purchaser of any of the Series 2018A Bonds is a "related party" to an underwriter, if there is greater than 50% common ownership, directly or indirectly, including but not limited to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations

(including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Closing; Miscellaneous

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of all of the Series 2018A Bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell) and will, within 30 minutes after being notified of the award of the Series 2018A Bonds, advise the District's financial advisor of the Initial Reoffering Terms. Prior to the delivery of the Series 2018A Bonds, the successful bidder will furnish a certificate acceptable to Bond Counsel as to the "issue price" of the Series 2018A Bonds. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty.

CUSIP numbers are to be applied for by the successful bidder with respect to the Series 2018A Bonds. The District will assume no obligation for the assignment of such numbers or for the correctness of such numbers, and no error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery or make payment for the Series 2018A Bonds.

The District expects the successful bidder to deliver copies of the final Official Statement to persons to whom such bidder initially sells the Series 2018A Bonds and the Municipal Securities Rulemaking Board (the "MSRB"). The successful bidder will be required to acknowledge receipt of such final Official Statement, to certify that it has made delivery of the final Official Statement to such repositories, to acknowledge that the District expects the successful bidder to deliver copies of such final Official Statement to persons to whom such bidder initially sells the bonds and to certify that the bonds will only be offered pursuant to the final Official Statement and only in states where the offer is legal.

To assist the successful bidder in complying with the requirements of the Rule, as amended, the MSRB will be provided annual information respecting the District, including audited financial statements.

Official Statements

After the award of the Series 2018A Bonds, the District will prepare copies of the Official Statement (no more than 300) and will include therein such additional information concerning the reoffering of the Series 2018A Bonds as the successful bidder may reasonably

request; provided, however, that the District will not include in the Official Statement an "NRO" ("not reoffered") designation with respect to any maturity of the Series 2018A Bonds. The successful bidder will be responsible to the District in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering. The District expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Series 2018A Bonds and to the Electronic Municipal Market Access System ("EMMA") administered by the Municipal Securities Rulemaking Board. The successful bidder will be required to acknowledge receipt of such Official Statement, to certify that it has made delivery of the Official Statement to EMMA and to acknowledge that the District expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the Series 2018A Bonds and to certify that the Series 2018A Bonds will only be offered pursuant to such Official Statement and only in states where the offer is legal. The successful bidder will be responsible to the District in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

Official Statements will be provided within seven (7) business days after the date of the award of the Series 2018A Bonds.

Delivery

The Series 2018A Bonds will be delivered on or about February 6, 2018, in New York, New York, at DTC against payment of the purchase price therefor (less the amount of the Deposit) in Federal Reserve funds.

The approving opinion of Norton Rose Fulbright US LLP, Washington D.C. in substantially the form appearing in the Preliminary Official Statement, will be furnished without cost to the successful bidder. There will also be furnished the usual closing papers, including certifications as to the Official Statement and no-litigation.

Conflict Waiver

Norton Rose Fulbright US LLP is serving as Bond Counsel in connection with the issuance and sale of the Series 2018A Bonds. By placing a bid, each bidder represents that it understands that Norton Rose Fulbright US LLP, in its capacity as Bond Counsel, represents the District, and the successful bidder waives any conflict of interest that Norton Rose Fulbright US LLP's involvement in connection with the issuance and sale of the Series 2018A Bonds to such successful bidder presents.

Additional Information

Further information will be furnished upon application to PFM Financial Advisors LLC at (703) 741-0175.

HAMPTON ROADS SANITATION DISTRICT

By: /s/ Jay A. Bernas, P.E.
Director of Finance and Treasurer

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EXHIBIT A

$[PRINCIPAL AMOUNT]

HAMPTON ROADS SANITATION DISTRICT
SUBORDINATE WASTEWATER REVENUE BONDS, SERIES 2018A

ISSUE PRICE CERTIFICATE
(for Competitive Sales Requirements)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of Hampton Roads Sanitation District (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [DATE].

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate

in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

Dated: _____

SCHEDULE A

EXPECTED OFFERING PRICES

(*Attached*)

SCHEDULE B TO ISSUE PRICE CERTIFICATE

[Copy of Bid Submitted by Underwriter]

EXHIBIT B

$[PRINCIPAL AMOUNT]

HAMPTON ROADS SANITATION DISTRICT
SUBORDINATE WASTEWATER REVENUE BONDS, SERIES 2018A

ISSUE PRICE CERTIFICATE
(if Hold the Offering Price Rule applies)

The undersigned, on behalf of {NAME OF UNDERWRITER} ("{SHORT NAME OF UNDERWRITER}"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of Hampton Roads Sanitation District (the "Issuer").

1. ***Initial Offering Price***.

(a) [SHORT NAME OF UNDERWRITER] offered the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms***.

(a) *Holding Period* means, with respect to each Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER] sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is {date of award}.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents {SHORT NAME OF UNDERWRITER}'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

{NAME OF UNDERWRITER}

By: _____

Name: _____

Title: _____

Dated: _____

SCHEDULE A
INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*Attached*)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(*Attached*)