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Service Authority

Paul E. Ruecker, Chairman
Eric A. Young, Vice Chairman
Joyce P. Eagles, Secretary-Treasurer
Janice R. Carr, Member
Ernie Gonzales, Member
Dr. K. Jack Kooyoomjian, Member
David A. Rutherford, Member
L. Ben Thompson, Member

Dean E. Dickey, General Manager
Leslie A. Griffith, Deputy General Manager/CFO

MINUTES OF BOARD OF DIRECTORS MEETING OF NOVEMBER 13, 2014

Board Members Present : Janice R. Carr, Joyce P. Eagles, Ernie Gonzales, K. Jack Kooyoomjian, Ph.D., Paul E. Ruecker, David A. Rutherford, L. Ben Thompson, and Eric A. Young.

Staff : Dean E. Dickey, Leslie A. Griffith, Lyle Beefelt, Samer Beidas, Keenan Howell, Evelyn Mahieu, Ph.D., Astrid Nelson, Theresa O'Quinn, Don Pannell, Andrew Higginbotham, Ros Jeffries and Kim Murray.

Legal Counsel : Mark Viani

Guests : Seventeen members of the Occoquan Forest Owners' Association.

1. GENERAL MATTERS

Chairman Ruecker called the meeting to order at 7:30 PM.

a) Consideration of Approval of Minutes of October 9, 2014

Chairman Ruecker called for approval of the Minutes of the October 9, 2014 Board meeting.

Motion : Dr. Kooyoomjian moved to approve the Minutes of the October 9, 2014 Board meeting.

Second : Mr. Gonzales

Ayes : Kooyoomjian, Gonzales, Carr, Eagles, Ruecker, Rutherford, Thompson

Absent : Young (arrived at 7:35)

b) Consideration of Announcements by Staff

Mr. Dickey noted the following items at Board Members' places: (1) Water Art Invitational "Save the Date" Card for February 12, 2015; (2) 2015 Calendars; (3) List of December Service Authority Events; (4) Pictures of Mooney Plant Mercury Removal Pilot Test Equipment; (5) NACWA Award Hats and T-Shirts. Mr. Dickey wished a Happy Birthday to Mr. Young, Mrs. Carr and Mr. Gonzales. Mr. Dickey also congratulated Dr. Kooyoomjian on the birth of his granddaughter, Raelin Harper Dunn, born November 10, 2014.

Mr. Dickey stated it is necessary to hold a closed meeting.

c) Citizens' Time

Four citizens were in attendance who wished to speak: Ann Stampf, President of the Occoquan Forest Owners' Association (OFOA); David Wood, Vice President of the OFOA; Peter Martin and Henry Bibber, members of the OFOA. All expressed their appreciation in working with Service Authority staff, as well as their requests that the Service Authority Board of Directors consider the OFOA's support in having the Authority provide a water line to their community. Chairman Ruecker thanked them all for attending the meeting and for showing their support of the project by the number of owners attending the meeting.

2. ACTION MATTERS

a) Award of Contract for Occoquan Forest Water and Force Main

Mr. Dickey provided the history of events related to the Occoquan Forest water and wastewater systems for the Board's consideration prior to taking action on the issue. (Mr. Dickey's remarks are attached to these minutes and referenced accordingly.)

Motion : Dr. Kooyoomjian moved that the Prince William County Service Authority Board of Directors hereby approves the Agreement and authorizes the General Manager to execute the Agreement with Arthur Construction Co., Inc., for the construction of the Occoquan Forest Water and Force Main.

Second : Mrs. Eagles

Dr. Kooyoomjian thanked the OFOA members for their patience and professionalism in expressing the issues, and the Service Authority General Manager and staff for their professionalism and encouraging public dialogue. Mr. Rutherford expressed concern that the low bid was significantly lower than the others; Mr. Dickey reaffirmed that the bid was reviewed and confirmed with the vendor.

Ayes : Kooyoomjian, Eagles, Carr, Gonzales, Ruecker, Rutherford, Thompson, Young

b) Approval of Upper Occoquan Sewage Authority (UOSA) Disclosure Agreement

Mr. Dickey asked Board Members to approve this resolution for the refunding of a bond.

Motion : Mr. Young moved that the Prince William County Service Authority Board of Directors hereby authorizes the Chairman of the Board of Directors to execute the UOSA Disclosure Agreement.

Second : Mrs. Carr

Ayes : Young, Carr, Eagles, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson

c) Fairfax Water Amendment No. 3 to Supplemental Water Service Agreement No.7 (Purchase of Additional Water Capacity from Fairfax Water)

Mr. Dickey advised Board Members that Virginia's governor is consolidating all water regulations; changes are also being made to those regulations. The Department of Environmental Quality (DEQ) is considering requiring permitting (and possible control) of future withdrawals from surface waters. The Authority needs to ensure it has enough water to cover growth into the future. Because of the uncertainty of what may happen with the DEQ permitting process, along with the opportunity to purchase capacity right now at a reasonable cost, Mr. Dickey asked the Board to approve the resolution to allow the Authority to purchase capacity from Fairfax Water now. If the Authority waits, it may face an onerous permitting process that could slow growth.

Motion : Dr. Kooyoomjian moved that the Prince William County Service Authority Board of Directors hereby authorizes the General Manager to (1) amend the Capital Improvement Program to reflect the purchase of 6 MGD in fiscal year 2015, (2) execute Amendment No. 3 to Supplemental Service Agreement No. 7, and (3) execute a subsequent Amendment which accelerates the purchase of 6 MGD by December 31, 2014.

Second : Mr. Young

Discussion was held.

Ayes : Kooyoomjian, Young, Carr, Eagles, Gonzales, Ruecker, Rutherford, Thompson

d) VRA Interest Rate Reduction

Mr. Dickey asked Board Members to approve the two (2) Amendment Agreements (Resolutions) allowing for Interest Rate Reduction to Service Authority loans from the VRA. The interest rate reduction will save approximately \$127,000 per year, with total savings over the life of the loans of \$3.2 million. (The final Resolutions are attached to these minutes and referenced accordingly.)

Motion : Mrs. Eagles moved that the Prince William County Service Authority Board of Directors hereby authorizes the Chairman of the Board of Directors to execute the two Amendment Agreements.

Second : Mrs. Carr

Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

e) SCADA Pilot Construction – Interim Agreement 2

Mr. Dickey asked the Board to approve the resolution for pilot site construction of the Service Authority's new SCADA system.

Motion : Mr. Gonzales moved that the Prince William County Service Authority Board of Directors hereby waives its guideline providing for a second public hearing in connection with the project and authorizes the General Manager, after allowing thirty (30) days for public comment, to award Interim Agreement 2 to CDM Constructors, Inc. for construction of the Pilot SCADA System.

Second : Mr. Young

Mr. Ruecker asked if the control room will eventually serve the entire collection and distribution system; Mr. Pannell answered yes. Mrs. Eagles asked if there are any concerns. Mr. Pannell answered that the Service Authority is taking a phased approach to the project (using proven technologies) to minimize and mitigate any problems.

Ayes : Gonzales, Young, Carr, Eagles, Kooyoomjian, Ruecker, Rutherford, Thompson

f) SCADA Pilot Construction Oversight – MWH

Mr. Ruecker called for a motion on this item (considering that discussion on the previous item included both resolutions).

Motion : Mrs. Carr moved that the Prince William County Service Authority Board of Directors hereby authorizes the General Manager to issue a Task Order to MWH to provide general management and engineering services for owner services related to the SCADA Pilot Construction.

Second : Mr. Gonzales

Ayes : Carr, Gonzales, Eagles, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

g) Annual Leave Payout Program

Mr. Dickey reminded Board Members that Mrs. O'Quinn reviewed the pilot Annual Leave Payout Program at the October Board meeting. Mr. Dickey requested the Board approve the resolution to adopt the program as a regular benefit.

Motion : Mrs. Carr moved that the Prince William County Service Authority Board of Directors hereby approves adopting the Annual Leave Payout Program for employees under the Traditional Leave Program as a regular benefit.

Second : Mr. Young

Ayes : Carr, Young, Eagles, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson

h) Contingent Approval of Second Amendment to Agreement for Design of Air Pollution Control (APC) Upgrades to the Fluidized Bed Incinerator at the H. L. Mooney Advanced Water Reclamation Facility (AWRF)

Mr. Dickey noted the APC system redesign will most likely include a new mercury removal system and potential redesign of the ammonia injection system. He stated that if tests of the new mercury removal system are satisfactory, those changes would result in substantial savings for the Authority. This work will require changes to the Authority's design contract with CDM Smith. The agreement will only be executed if all of the test results are satisfactory and the Authority chooses to proceed with this work. Mr. Dickey asked the Board to approve the resolution giving the General Manager the authority to execute the contract as appropriate.

Motion : Mrs. Eagles moved that the Prince William County Service Authority Board of Directors hereby approves the Second Amendment to the Agreement with CDM Smith for Design of Air Pollution Control (APC) Upgrades to the Fluidized Bed Incinerator at the H. L. Mooney Advanced Water Reclamation Facility. This authorization is contingent on Service Authority selection of Sorbent Polymer Composite (SPC) System technology for Mercury Removal to complete the design.

Second : Mrs. Carr

Discussion was held.

Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

i) Approval of Resolution in Lieu of Bond for Work in Virginia Department of Transportation (VDOT) Right-of-Way

Mr. Dickey noted the Authority has a corporate bond with VDOT for all of the right-of-way work the Authority performs. Mr. Beidas negotiated a Resolution in Lieu of Bond to replace the corporate bond so that the Service Authority's insurance provider (VML) will assume liability for the aforementioned projects.

Motion : Mr. Thompson moved that the Prince William County Service Authority Board of Directors hereby approves the attached Resolution in Lieu of Bond.

Second : Mrs. Carr

Discussion was held.

Ayes : Thompson, Carr, Eagles, Gonzales, Kooyoomjian, Ruecker, Rutherford, Young

j) Program Management Services for Prioritized FY15 Capital Improvement Program (CIP) Water Main and Lift Station Projects

Mr. Dickey advised Board Members that the Service Authority is relying more on outsourced program and project management services being conducted by engineering firms rather than hiring in-house staff to do so.

Motion : Mr. Young moved that the Prince William County Service Authority Board of Directors hereby approves the proposal by RK&K for Work Authorization No. 1 to provide Program Management Services for Prioritized FY 15 CIP Water Main and Lift Station Projects and authorizes the General Manager to execute the resulting agreement.

Second : Mrs. Carr

Discussion was held.

Ayes : Young, Carr, Eagles, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson

3. GENERAL MANAGER'S REPORT

a) Copies of thank you notes from teachers and students that were sent to Mrs. Marlo Watson, Community Relations Coordinator, were shared with Board Members. The students enjoy Mrs. Watson's classroom presentations.

b) Mr. Dickey thanked Board Members for attending the NACWA Platinum Award and One-Year Safety Celebration held at the H. L. Mooney Plant on Monday, November 10.

c) The next Town Hall Meeting is scheduled for Thursday, December 4, 2014 at 8 AM in the Lobby of the Spittle Building.

d) The Service Authority's Holiday Fiesta Luncheon is scheduled for Wednesday, December 17, 2014.

e) Mr. Dickey recommended the Board not meet in December [barring any emergencies that may arise]. Board Members agreed not to meet in December.

4. ATTORNEY'S TIME

Mr. Viani announced the need for a closed meeting.

5. CONSIDERATION OF MATTERS PRESENTED BY MEMBERS

Mr. Rutherford expressed his regret at missing Monday's ceremony at the Mooney Plant. He commended staff for their work.

Mr. Gonzales stated that he and Dr. Kooyoomjian attended the recent Lake Ridge Occoquan Coles Civic Association (LOCCA) meeting; he asked Mr. Viani to review what the requirement may be, if any, if three Service Authority Board Members were to attend a civic association meeting. He requested an update on the Minnieville Road issue. Mr. Dickey advised that he and Chairman Ruecker met with County Supervisor Maureen Caddigan and residents of Yolanda Lane to discuss options to provide water and sewer service to residents of Yolanda Lane in conjunction with the Minnieville project. It appears that through negotiations that did not include the Authority, the developer now plans to redirect water and sewer down Yolanda Lane instead of Minnieville Road. If this plan works out, Yolanda Lane residents will have water and sewer mains serving their development. The Authority has received no other requests from anyone along Minnieville Road. Mr. Gonzales asked if there have been any additional issues with the church in Yorkshire. Mr. Dickey advised that this matter is still with Prince William County (PWC). Mr. Gonzales asked if the PWC Planning Commission has contacted the Authority about a joint meeting; Mr. Dickey said they have not contacted his office. Mr. Gonzales expressed his

appreciation for the Service Authority's Facebook quizzes in generating interest (among readers) in the information being posted.

Mrs. Eagles thanked Service Authority staff for working to resolve the contractor issues at Belmont Bay. She also conveyed her regrets for missing the event on Monday. She added that the Audit Committee met just before tonight's Board meeting; the Audit is on track and the Committee expects to present it for approval at the January Board meeting.

Mrs. Carr stated the ceremony at the Mooney Plant was delightful. She also asked if she could attend the Board Meetings by telephone if she expects to be absent. Mr. Dickey noted that the Board has to have a policy and pass a resolution allowing remote attendance. Discussion was held.

Motion : Mrs. Eagles moved that Prince William County Service Authority have a resolution ready for the Board's vote at the January meeting (as the first agenda item) so Mrs. Carr may call into and participate in that meeting.

Second : Mr. Ruecker

Ayes : Eagles, Ruecker, Carr, Gonzales, Kooyoomjian, Rutherford, Thompson, Young

Mr. Viani will draft the policy.

Mr. Thompson voiced his praise to Authority staff for their good work.

Dr. Kooyoomjian thanked staff for the ceremony at the Mooney Plant on Monday. He also expressed his appreciation to staff for the Occoquan Forest work. He shared a flyer from the Federal Water Quality Association, which Ms. Murray will email to Board Members. Dr. Kooyoomjian also commended staff on the bill inserts, and wished everyone a Happy Thanksgiving.

Mr. Ruecker added his compliments to staff for Monday's ceremony and recognition.

6. ADMINISTRATIVE REPORTS

Chairman Ruecker asked the Board Members to please provide any questions they may have on the Administrative Reports to Mr. Dickey for dissemination to the appropriate staff member.

7. CLOSED MEETING

Chairman Ruecker announced a closed meeting at 8:40 PM for the purpose of discussing potential litigation under Code of Virginia § 2.2-3711A(20), Public Safety; § 2.2-3711A1, Personnel; and § 2.2-3711A7, Litigation, and requested a motion for same.

Motion : Mrs. Eagles

Second : Mrs. Carr

Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

Upon conclusion of the closed meeting at 9:08 PM and in compliance with the Freedom of Information Act, a motion was made by Mrs. Eagles and seconded by Mrs. Carr to return to an open meeting certifying that to the best of the members' knowledge, the only matters considered were those that were appropriate to be discussed under Code of Virginia § 2.2-3711A(20), Public Safety; § 2.2-3711A1, Personnel; and § 2.2-3711A7, Litigation.

CERTIFICATION FOR CLOSED MEETING

WHEREAS, the Prince William County Service Authority Board of Directors has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and,

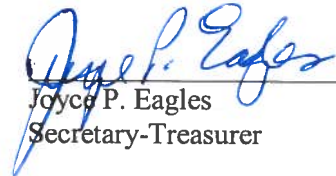
WHEREAS, § 2.2-3711A7 of the Code of Virginia requires a certification by the Prince William County Service Authority Board of Directors that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Prince William County Service Authority Board of Directors hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered in the closed meeting.

Motion : Mrs. Eagles
Second : Mrs. Carr
Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

8. ADJOURNMENT

The meeting adjourned at 9:09 PM. [No motion to adjourn was made.]



Joyce P. Eagles
Secretary-Treasurer

Occoquan Forest General Manager's Remarks
Board of Director's Meeting, November 13, 2014

In November of 2015, the DEQ permit to operate the Occoquan Forest wastewater treatment plant expires. Tonight I am requesting that the Service Authority Board of Directors approve the construction of a sewer force main and a water line along Davis Ford Road. This is Bid Option C in the contract documents.

The Board's decision tonight follows the action the Board took in 2012 passing a resolution to decommission the Occoquan Forest Water Reclamation Facility and build a sewer force main and pumping station to replace the plant rather than upgrade the plant. The Board also approved the design of a water line with the final decision to build or not to occur at a later date.

Because of the intense public interest in this project, I think it is appropriate to review the background leading to the recommended resolution before the Board tonight.

The Occoquan Forest water reclamation facility (sewage treatment plant, or "Plant," as I will refer to it this evening) is a small package wastewater treatment plant that was built in the late 1960s in conjunction with the development of Occoquan Forest. The Plant was privately operated at that time. Over time, Occoquan Forest homeowners grew unhappy with the service and asked the Board of County Supervisors to help them remove the private operators. In November 1990, the Board of County Supervisors created an independent sanitary district and, in August of 1991, the Service Authority and the County signed an agreement for the Service Authority to operate the plant for the sanitary district.

In May of 2002, the Service Authority and the Board of County Supervisors signed a merger agreement. As part of that agreement, the Service Authority acquired the assets of the sanitary district and assumed ownership and operation of the plant and the Occoquan Forest water and wastewater system.

Three years later, on June 8, 2005, the SA Board of Directors authorized me to enter into negotiations with the PWC School Board in order to proceed with the School Board's acquisition of the Occoquan Forest Plant site in exchange for the School Board providing funding for the design and construction of water and wastewater utilities to the proposed school site. Occoquan Forest residents would also receive the benefit of these new lines. The agreement between the SA and PWC Schools was signed in July 2005.

In September 2006, the proposed acquisition by Prince William County Schools was withdrawn by the School Board. Today, the Service Authority continues to own and operate the Plant under a 2005 Commonwealth DEQ permit.

In September 2007, the Board of County Supervisors formed the Occoquan Forest Task Force, and the Task Force completed its report in June 2008.

Mr. Dickey noted these are the only two Task Force recommendations that are applicable to the action involved this evening:

- If the DEQ deems that the facility is no longer permissible to be run, that is when a pipeline and force main should be constructed.
- If funding can be identified, conversion to a park is recommended by the Task Force.

In February 2011, a major fire broke out in Occoquan Forest. Residents' interest in a new water line to help provide fire protection to Occoquan Forest was expressed to the Service Authority staff at an April 2011 meeting at Buck Hall Fire Department and in subsequent meetings with staff.

In April 2011, in preparation for the expiration of the 2015 operating permit, the Service Authority commissioned the engineering firm Whitman Requardt & Associates to perform a Preliminary Engineering Report (PER) to look at options for the Occoquan Forest Water Reclamation Facility.

Later that year, in November 2011, the Service Authority sent a letter to DEQ requesting it provide any requirements for permit renewal of the Occoquan Forest Water Reclamation Facility.

In March 2012, DEQ, in response to the Service Authority, asked the Service Authority to submit a conceptual design and the Preliminary Engineering Report (PER). They specifically requested that the PER contain recommended alternative sewage disposal methods. They also requested that the PER be submitted within ninety (90) days.

In May 2012, the Service Authority Board of Directors approved the release of the PER to DEQ.

There were essentially two options available to the Service Authority. The two options, included in the PER, were to either:

- o Upgrade the Plant to meet DEQ standards at the time of permit renewal; or,
- o Construct a pumping station and force main to pump the wastewater to the Mooney Advanced Water Reclamation Facility (AWRF).

In July 2012, Tom Faha, Director of the DEQ's Northern Regional Office, responded to the Service Authority's request to provide requirements for permit renewal of the Occoquan Forest Water Reclamation Facility. Mr. Faha's letter included the following statement:

"DEQ believes replacement of the current land treatment system with a pump station and force main to the H. L. Mooney AWRF is the best option."

The Consulting Engineer's program estimate for each option in 2012 was:

- o \$4.35 million to upgrade the Occoquan Forest WRF.
- o \$3.9 million to cover demolition of existing treatment units and build a pumping station and force main to pump sewage to the H. L. Mooney Advanced Water Reclamation Facility, where the effluent leaving the plant is treated to a much higher standard.
- o Their estimate also indicated the cost of a water line would be \$2.8 million if constructed at the same time as the force main and in the same trench, or \$4 million if constructed separately.

During the summer of 2012, the Board of Directors held a public comment session on the options it was considering. At the request of Occoquan District Supervisor Mike May, the General Manager and Director of Engineering also attended two town hall meetings to provide information on the project to the public, answer questions and receive public comment.

In September 2012, Service Authority staff prepared the Occoquan Forest Public Comment Report summarizing the comments and providing answers to questions received during these meetings.

After considering fiduciary, environmental, financial, policy and stakeholder comments and concerns, the Board of Directors approved the following at the December 2012 Board meeting:

- To not seek renewal of the operating permit of the Plant;
- To design and construct the Occoquan Forest force main and pumping station and decommission the Occoquan Forest Water Reclamation Plant; and,
- Approved design of the water line but not approval of construction of the water line until bids are received. The water line would be included as a bid option in the Construction contract.

In August 2013, the County and the Service Authority approved a sale agreement, selling the Water Reclamation Facility (WRF) property to the County for use as a park, contingent on decommissioning the existing Water Reclamation Facility and extending a water main to serve the future park.

The designs were completed in July 2014 and went out for bid, and they included the bid options as described above.

Tonight, I am requesting the Board approve the construction of the force main and water line for the following reasons:

- The creation of a park and the construction of the water line serve good public purposes of creating an environmental buffer for the Occoquan, providing a park for all residents of the County, eliminating an old plant site, providing access to water along the Davis Ford Road corridor for others who may wish to connect, and providing existing customers a more reliable water supply with the added benefit of enhancing fire protection in Occoquan Forest and along the Davis Ford Road Corridor.
- It brings a water line closer to our western system, providing the opportunity to connect the east and west systems in the future and, therefore, is considered a potential critical loop project.
- It is much less costly to construct a water line now in the same trench as the force main. It will be much more costly to build a water line in the future.
- The \$2,000,000 paid by the County helps to defray the cost of the water line. It has always been the intention of the SA Board of Directors to sell the plant site to defray the costs of the water line.
- Because this line serves existing customers, it is not in conflict with the Board's policy of "growth pays for growth."

- Using water from Fairfax will save approximately \$53,000 a year over the cost of operating, maintaining and repairing the well system. The cumulative savings over 20 years would be approximately \$1,060,000.
- Although the revenue from the cell phone antennas we received from the acquisition of Occoquan Forest is not strictly dedicated to Occoquan Forest, the rent we have received (approximately \$519,000) over and above the money we have already spent on retirement of Occoquan Forest debt could be considered by the Board as a partial offset for the cost of the water line. Some of the remaining costs could be offset by a future Board-approved LFC, as well as future antenna rent.
- Replacing the well system with surface water reduces the Authority's exposure to onerous future regulatory requirements, including a higher risk of NOV's, increasing limitations on groundwater withdrawals and the potential for the wells to be declared a "source under the influence" of the Occoquan River, which would make continued use of the wells financially impossible.
- Finally, replacing the wells with water from Fairfax means the end of the capacity limitations inherent to the well system. There will be no more hauling water to Occoquan Forest during times of drought or mechanical problems or issues.
- This project is in the Board-approved CIP and funding is available.

For the reasons stated above, I recommend the Board of Directors approve the resolution before them to approve construction of a water line and sewer force main.

RESOLUTION AUTHORIZING THE EXECUTION OF AN AMENDMENT TO FINANCING AGREEMENT BETWEEN THE PRINCE WILLIAM COUNTY SERVICE AUTHORITY AND THE VIRGINIA RESOURCES AUTHORITY, AS ADMINISTRATOR OF THE VIRGINIA WATER FACILITIES REVOLVING FUND, AND AN AMENDMENT TO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2007 (PARITY INDEBTEDNESS) TO DECREASE THE INTEREST RATE THEREON

WHEREAS, on June 28, 2007, the Virginia Resources Authority (the "Authority"), as Administrator of the Virginia Water Facilities Revolving Fund, acquired from the Prince William County Service Authority (the "Service Authority") a Water and Sewer System Revenue Bond, Series 2007 (Parity Indebtedness) (the "Local Bond") in the original principal amount of \$45,000,000, pursuant to a Financing Agreement dated as of June 1, 2007 (the "Financing Agreement"), between the Service Authority and VRA;

WHEREAS, the Service Authority with the consent of VRA and the Virginia Department of Environmental Quality ("DEQ"), desires to amend the Financing Agreement to decrease the interest rate on the Local Bond, and to reduce the debt service payments thereunder;

WHEREAS, a form of an Amendment to Financing Agreement (the "Amendment Agreement") between the Service Authority and VRA, which, among other things, amends the debt service payments under the Financing Agreement, is on file with the Service Authority;

WHEREAS, the form of an Allonge (the "Allonge"), which shall be attached to the Local Bond and evidences the reduction in debt service payments of the Local Bond, is on file with the Service Authority; and

WHEREAS, it appears to be in the best interests of the Service Authority and the residents of its service area to amend the Financing Agreement as set forth in the Amendment Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE PRINCE WILLIAM COUNTY SERVICE AUTHORITY:

1. **Authorization of Amendment Agreement and Form of Allonge.** The Board of the Service Authority (the "Board") hereby determines that it is in the best interest of the Service Authority to execute and deliver the Amendment Agreement and the Allonge for the Local Bond. The Board authorizes the execution and delivery of the Amendment Agreement. The Board hereby finds that the execution and delivery of the Allonge and the Amendment Agreement will promote the health, safety, welfare, morals and prosperity of the residents served by the Service Authority and will promote the governmental purposes for which the Service Authority was formed.

2. **Approval of Amendment Agreement.** The form of the Amendment Agreement is hereby approved. The Chairman of the Service Authority (the "Chairman") is hereby authorized to execute the Amendment Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof.

3. **Execution of Allonge.** The form of the Allonge is hereby approved. The Chairman is hereby authorized and directed to execute and deliver the Allonge in substantially such form with respect to the Local Bond, to reflect the same amended terms as contained in the Amendment Agreement, together with such other completions, omissions, insertions and changes not inconsistent with this Resolution and the Amendment Agreement as may be approved by the Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Secretary-Treasurer of the Service Authority (the "Secretary-Treasurer") is hereby authorized to attest or countersign the Allonge and affix the seal of the Service Authority thereon.

4. **Arbitrage Covenants.** The Board hereby covenants on behalf of the Service Authority that the Service Authority shall not take or omit to take any action the taking or omission of which will cause the Local Bond to be an "arbitrage bond," within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations applicable to thereto (collectively, the "Code"), or otherwise cause the interest on the Local Bond (as defined in the Financing Agreement, the "Cost of Funds") to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the Service Authority shall comply with any provision of law that may require the Service Authority at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Local Bond, unless the Service Authority receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent the Cost of Funds on the Local Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law.

5. **Other Actions.** All other actions of officers of the Service Authority in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of the Amendment Agreement and Allonge are ratified, approved and confirmed. The officers of the Service Authority are authorized and directed to execute and deliver all certificates and other instruments, including, but not limited to, an IRS Form 8038-G, or an amendment to or a new tax certificate related to the Local Bond, that such officer may consider necessary or desirable in connection with the transactions authorized pursuant to this Resolution. The authorization granted in this Resolution to the Chairman or Secretary-Treasurer, as the case may be, may be carried out by the Vice Chairman or Assistant or Acting Secretary-Treasurer, in the absence of the primary officer.

6. **Filing of Resolution.** The Counsel to the Service Authority is hereby authorized and directed to file a certified copy of this Resolution in the office of the Service Authority and with the Clerk of the Circuit Court of Prince William County, Virginia.

7. **Effective Date.** This Resolution shall become effective immediately.

Motion: Eagles
Second: Carr
Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young

RESOLUTION AUTHORIZING THE EXECUTION OF AN AMENDMENT TO FINANCING AGREEMENT BETWEEN THE PRINCE WILLIAM COUNTY SERVICE AUTHORITY AND THE VIRGINIA RESOURCES AUTHORITY, AS ADMINISTRATOR OF THE VIRGINIA WATER FACILITIES REVOLVING FUND, AND AN AMENDMENT TO WATER AND SEWER SYSTEM REVENUE BOND, SERIES 2009 (PARITY INDEBTEDNESS) TO DECREASE THE INTEREST RATE THEREON

WHEREAS, on June 10, 2009, the Virginia Resources Authority (the "Authority"), as Administrator of the Virginia Water Facilities Revolving Fund, acquired from the Prince William County Service Authority (the "Service Authority") a Water and Sewer System Revenue Bond, Series 2009 (Parity Indebtedness) (the "Local Bond") in the original principal amount of \$41,000,000, pursuant to a Financing Agreement dated as of June 1, 2009 (the "Financing Agreement"), between the Service Authority and VRA;

WHEREAS, the Service Authority with the consent of VRA and the Virginia Department of Environmental Quality ("DEQ"), desires to amend the Financing Agreement to decrease the interest rate on the Local Bond, and to reduce the debt service payments thereunder;

WHEREAS, a form of an Amendment to Financing Agreement (the "Amendment Agreement") between the Service Authority and VRA, which, among other things, amends the debt service payments under the Financing Agreement, is on file with the Service Authority;

WHEREAS, the form of an Allonge (the "Allonge"), which shall be attached to the Local Bond and evidences the reduction in debt service payments of the Local Bond, is on file with the Service Authority; and

WHEREAS, it appears to be in the best interests of the Service Authority and the residents of its service area to amend the Financing Agreement as set forth in the Amendment Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE PRINCE WILLIAM COUNTY SERVICE AUTHORITY:

1. **Authorization of Amendment Agreement and Form of Allonge.** The Board of the Service Authority (the "Board") hereby determines that it is in the best interest of the Service Authority to execute and deliver the Amendment Agreement and the Allonge for the Local Bond. The Board authorizes the execution and delivery of the Amendment Agreement. The Board hereby finds that the execution and delivery of the Allonge and the Amendment Agreement will promote the health, safety, welfare, morals and prosperity of the residents served by the Service Authority and will promote the governmental purposes for which the Service Authority was formed.

2. **Approval of Amendment Agreement.** The form of the Amendment Agreement is hereby approved. The Chairman of the Service Authority (the "Chairman") is hereby authorized to execute the Amendment Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof.

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3. **Execution of Allonge.** The form of the Allonge is hereby approved. The Chairman is hereby authorized and directed to execute and deliver the Allonge in substantially such form with respect to the Local Bond, to reflect the same amended terms as contained in the Amendment Agreement, together with such other completions, omissions, insertions and changes not inconsistent with this Resolution and the Amendment Agreement as may be approved by the Chairman, whose approval shall be evidenced conclusively by the execution and delivery thereof. The Secretary-Treasurer of the Service Authority (the "Secretary-Treasurer") is hereby authorized to attest or countersign the Allonge and affix the seal of the Service Authority thereon.

4. **Arbitrage Covenants.** The Board hereby covenants on behalf of the Service Authority that the Service Authority shall not take or omit to take any action the taking or omission of which will cause the Local Bond to be an "arbitrage bond," within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations applicable to thereto (collectively, the "Code"), or otherwise cause the interest on the Local Bond (as defined in the Financing Agreement, the "Cost of Funds") to be includable in the gross income for federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the Service Authority shall comply with any provision of law that may require the Service Authority at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Local Bond, unless the Service Authority receives an opinion of nationally recognized bond counsel that such compliance is not required to prevent the Cost of Funds on the Local Bond from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law.

5. **Other Actions.** All other actions of officers of the Service Authority in conformity with the purposes and intent of this Resolution and in furtherance of the execution and delivery of the Amendment Agreement and Allonge are ratified, approved and confirmed. The officers of the Service Authority are authorized and directed to execute and deliver all certificates and other instruments, including, but not limited to, an IRS Form 8038-G, or an amendment to or a new tax certificate related to the Local Bond, that such officer may consider necessary or desirable in connection with the transactions authorized pursuant to this Resolution. The authorization granted in this Resolution to the Chairman or Secretary-Treasurer, as the case may be, may be carried out by the Vice Chairman or Assistant or Acting Secretary-Treasurer, in the absence of the primary officer.

6. **Filing of Resolution.** The Counsel to the Service Authority is hereby authorized and directed to file a certified copy of this Resolution in the office of the Service Authority and with the Clerk of the Circuit Court of Prince William County, Virginia.

7. **Effective Date.** This Resolution shall become effective immediately.

Motion: Eagles
Second: Carr
Ayes : Eagles, Carr, Gonzales, Kooyoomjian, Ruecker, Rutherford, Thompson, Young