

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD FEBRUARY 17, 2022 IN THE BOEPPLE BUILDING LOCATED AT 14631 COMPTON ROAD, CENTREVILLE, VIRGINIA 20121.

A. Calling of the Meeting to Order

1. The Board of Directors of the Upper Occoquan Service Authority convened its Regularly Scheduled Meeting at 4:00 P.M.

Directors Present:

Tony H. Dawood
Calvin D. Farr, Jr.
Gary L. Fields
Michael McGrath

Shahram Mohsenin
Jeanette M. Rishell
Glenn Simpson
Nancy Vehrs

Directors Absent:

None

Others Present:

UOSA Staff:

Robert W. Angelotti
Brian L. Owsenek
Kevin D. Wolfe
Mishelle R. Noble-Blair
John W. Airhart
June A. Mahoney

Legal Counsel:

Sally Ann Hostetler, Odin, Feldman, & Pittleman, P.C.

Engineer:

Don Forgacs, Jacobs

Financial Advisor:

James E. Sanderson, Jr., Senior Vice President
Davenport & Company, LLC

B. Approval of Minutes

1. Chairman Mohsenin referenced the Board Minutes dated January 20, 2022 and asked the Board for their approval.

MOTION: Director Rishell moved to approve the minutes of the January 20, 2022 Board meeting.

SECOND: Director Vehrs

VOTE: Unanimous

C. Public Comment Time

1. Chairman Mohsenin asked if there was any known interest or request received by the Public to speak at the meeting.
2. Ms. Mahoney stated that none were received ahead of the meeting.

D. Financial Reports

1. Chairman Mohsenin referenced staff memorandum, *January 2022 Financial Summary* (filed as Exhibit A).
 - a. Mr. Wolfe stated that the January Financial Summary reflected lower O&M expenses than planned primarily due to lower Personnel, Electric Power, and Facilities Operations expenses partially offset by budget timing differences for Contract Services and Regulatory activity. Flows were 2.5 percent higher than planned for the month. Year-to-date FY-22 expenses through January were lower than budget by approximately \$1.7 million, primarily due to lower Personnel, Electric Power, Miscellaneous, and Facilities Operations expenses and budget timing differences for Contract Services and Process Chemicals. Year-to-date flows were 7.2 percent lower than planned.

MOTION: Director Vehrs moved to receive and file the January 2022 Financial Summary.

SECOND: Director Dawood

VOTE: Unanimous

E. UOSA Reconciliation of Capital Expenditures to Bond Allocations

1. Chairman Mohsenin referenced staff memorandum, *UOSA Reconciliation of Capital Expenditures to Bond Allocations* (filed as Exhibit B).
 - a. Mr. Wolfe said the Board may recall that staff completed an interim reconciliation of the 2019 Bonds in February 2021. In addition, a CIP Reconciliation policy was adopted that states UOSA will complete an annual CIP reconciliation every February or March as necessary for each bond issue.
 - b. Mr. Wolfe reported that staff completed the interim reconciliation for the 2019 Bonds. The 2019 Bond analysis is based primarily on forecasted expenditures from UOSA's February CIP Update and Plan of Finance. As a result, the analysis of the 2019 bonds is a high-level speculative analysis. Staff recommends maintaining current debt service allocations for the 2019 bonds and wait until the results of the 2023 CIP reconciliation to consider making any debt service allocations for the 2019 bonds, which would allow for an analysis of more actual projected expenditures and a shorter window of forecasted expenditures, which can be subject to significant change.

MOTION: Director Simpson moved staff recommendation to receive the CIP Reconciliation for the 2019 Bonds. In addition, staff recommends maintaining current debt service allocation for the 2019 Bonds until the 2023 annual CIP Reconciliation is completed, in order to provide a more accurate balance of actual and forecasted expenditures for the analysis.

SECOND: Director McGrath

VOTE: Unanimous

F. FY-22 Second Quarter O&M Budget Review

1. Chairman Mohsenin referenced staff memorandum, *FY-22 Second Quarter O&M Budget Review* (filed as Exhibit C).
 - a. Mr. Wolfe reported that the Second Quarter FY-22 Operations and Maintenance budget review for the period ending December 31, 2021 reflected a favorable variance of \$775,000 or 9.6 percent and actual flows for the quarter were 13.4 percent lower than planned. During the Second Quarter, all budget lines except Insurance were lower than planned and year-to-date expenses through December 31, 2021 reflected a favorable variance of approximately \$1.68 million or 10.2 percent, primarily due to lower costs in Personnel, Miscellaneous, Contract Services, Chemicals, Electric Power and Facilities Operations.

MOTION: Director Vehrs moved to receive and file the FY-22 Second Quarter O&M Budget Review.
SECOND: Director Rishell
VOTE: Unanimous

G. FY-22 Fourth Quarter Appropriation

1. Chairman Mohsenin referenced staff memorandum, *FY-22 Fourth Quarter Appropriation* (filed as Exhibit D).

MOTION: Director Vehrs moved to appropriate \$8,144,825 to fund Operations and Maintenance for the fourth quarter of FY-22.
SECOND: Director Simpson
VOTE: Unanimous

H. UOSA Capital Improvements Program (CIP) – February 2022 Update

1. Chairman Mohsenin referenced staff memorandum, *UOSA Capital Improvements Program (CIP) – February 2022 Update* (filed as Exhibit E).
 - a. Mr. Angelotti reminded the Board that the 10-year CIP Update is used by UOSA's financial advisor to develop the annual Plan of Finance that will be used to finalize the Debt Service Budget. He said the Budget will be presented to the Board at the March meeting. He recalled that last year staff cautioned the master planning effort would recommend new projects that would significantly impact capital planning and subsequent borrowing and debt service needs. Exhibit 2 of the memo, had the accelerated pace of projected spending beginning sometime in the mid-2020s and as a direct result of the master planning efforts, the expansion and R&R type projects in the out years. He reported that during this year's update, staff also felt it wise to inflate the construction costs by the corresponding increase in the construction cost index. Since the master plan costs were developed and published, staff adjusted the plan for current inflationary pressures that have been brought about by the 40-year record high inflation values. The plant expansions to 60 and 66 MGD account for the estimated \$191 million over the 10-year planning period.

- b. The updated CIP projection used the most conservative assumptions from the master plan with respect to project timing and infrastructure needs for the expansions. For example, the expansion assumptions conclude that the 6 MGD capacity comes through added membrane bioreactor capacity and no uprating credit for the activated carbon process, even though we are going to ozonation. Conservative asset management program assumptions were also used such as many asset types will reach their useful life during the 10-year planning window and future conditions will require total asset replacement. Based on the assets' estimated replacement values carried in our asset management program this results in a projected need of about \$0.6 billion. A significant portion of the spending is assumed to address portions of the Contract 54 expansion infrastructure, and the buried pipeline assets in the collection system, which are projected to age out during the planning window.
- c. Mr. Angelotti presented some good news that actual CIP spending continues to be less than initially projected, indicating that staff efforts to contain project costs and defer projects have proven effective. For example, the 2009 CIP projected \$475 million would be cumulatively spent by 2021 compared to this update which shows that current spending has only reached \$279 million and the \$475M level of spending is not expected to accumulate until 2026. He stated that staff will continue to make every effort to contain capital spending to match well defined project needs. Staff is also committed to assessing schedules such that the required projects are delivered just in time for those needs. He stated that this commitment to contain capital spending is exemplified by the recent unit process capacity rating, and offline equalization studies that we are progressing. The RFP for those engineering services was put out on the street and the pre-proposal conference was conducted, so staff hope to get some more information as that study proceeds.
- d. In response to Director Farr, Mr. Angelotti advised that UOSA does not have a pre-determined schedule to periodically rerate the facility, although it has been evaluated with each expansion (i.e. Projects 27, 32, and 54) and results incorporated accordingly.
- e. In response to Director Simpson, Mr. Angelotti confirmed that the biggest increase in future spending is coming from the Reserve Maintenance (RM) side of the CIP for R&R work. As the Project 54 facilities age, they are now 20 plus years old, and will be 30 years old by the end of the 10-year planning window. UOSA uses its asset management program to track an asset's useful life and replacement value. When the useful life is used up or expired, that replacement value shows up in the plan for funding. When preliminary engineering and design begins, these are evaluated more rigorously to identify the exact details of rehabilitation project scope and estimated costs are revised.
- f. In response to Chairman Mohsenin, Mr. Angelotti said the RM projects are included in the plan based on asset age. Historically, as real time approaches for the projected assets scheduled, UOSA has requested an engineering firm to more rigorously evaluate asset condition and criticality for the treatment process. Chairman Mohsenin's concern is that if there is a substantial increase in the CIP and we typically issue bonds every three years, then maybe a more detailed study should be performed before UOSA borrows money to fund the projects. He said maybe through more preventive maintenance or a smaller rehab scope, the life of the asset could be extended another ten years resulting in delaying the associated debt service for that asset.

- g. In response to Director McGrath, Mr. Angelotti explained that the RM project needs are not specifically identified in the 10-year plan presented but are rolled up into phase two or phase three within the RM-CIP money portion. All the projects are included in the Master Plan's 30-year CIP document with associated projects identified by phase. He said staff begin to work on a more detailed assessment of an asset's R&R needs with an engineering effort starting one to three years ahead of any planned construction.

MOTION: Director Fields moved to endorse the February 2022 CIP Update as an adjustable planning assumption for moving forward with CIP efforts and as the base plan for the generation of a February Updated Plan of Finance to be presented by UOSA's Financial Advisor. Also, to request staff to study the condition and criticality of assets, in addition the assets' age, prior to borrowing with specific bond issues for future RM projects.

SECOND: Director Vehrs

VOTE: Unanimous

I. UOSA Updated Plan of Finance

1. Chairman Mohsenin referenced staff memorandum, *UOSA Updated Plan of Finance* (filed as Exhibit F).
 - a. Mr. Angelotti advised that Mr. Wolfe would provide a few introductory remarks regarding the UOSA Updated Plan of Finance. Mr. Wolfe reported that as a result of favorable current market rates and a decrease in CIP cost through year 2023, the Plan of Finance reflects a cumulative decrease in forecasted debt service through year 2027 when compared to last year's Plan of Finance.
 - b. Mr. Wolfe introduced UOSA's Financial Advisor, Mr. James Sanderson, from Davenport & Company, to present the Updated Plan of Finance.
 - c. Mr. Sanderson presented and further explained the Updated Plan of Finance that incorporated the previously endorsed February 2022 CIP numbers into a debt service model to provide a forecast of UOSA's debt service projections. He provided the Board with a sense of what was happening in the current market while interest rates continue to remain at historical lows, as well as the status of the favorable revenue bond rates compared to a 30-year benchmark average. He advised that UOSA carries a strong rating of AA1 from Moody's and AAA from both S&P and Fitch rating agencies. He stated that the next bond issues will likely be in the years 2022, 2025 and 2028.
 - d. Mr. Sanderson reminded the Board that proceeds from bonds must include the reasonable expectation of expending the funds in three years as a requirement of tax-exempt bonds.
 - e. Chairman Mohsenin again requested staff to carefully study rehab projects to see if they can be completed at lower costs while extending the asset life to provide economic relief.

MOTION: Director Rishell moved to adopt, for planning purposes, the Davenport February 2022 Plan of Finance, which will be used to complete the FY-23 Debt Service Budget and be presented by staff to the Board for approval at the March 2022 Board Meeting.

SECOND: Director Vehrs
VOTE: Unanimous

J. COVID-19 Economic Relief

1. Chairman Mohsenin referenced staff memorandum, *COVID-19 Economic Relief* (filed as Exhibit G).
 - a. Mr. Wolfe reminded the Board that the Treasury Department provided some COVID-19 economic relief to local governments through the American Rescue Plan or the Cares Act. Staff are interested in knowing if a member jurisdiction had received any relief funds from the Treasury Department or State revolving funds that they intend to fund UOSA projects with. If so, he said staff may need to gain a better understanding of any compliance reporting or procurement requirements that need to be taken into consideration from an accounting standpoint.
 - b. Director Rishell stated that the City of Manassas Park will be providing that information to UOSA. Director Dawood confirmed the City of Manassas received funding and he would see that the information was provided to UOSA as well.
 - c. In response to Chairman Mohsenin, Director Dawood confirmed that specially funded projects would need to be identified, designed and ready to be constructed by the end of 2023.

MOTION: Director Vehrs moved to receive the report.
SECOND: Director Simpson
VOTE: Unanimous

K. Major Project Reports

1. Chairman Mohsenin referenced staff memorandum, *February 2022 Project Summary* (filed as Exhibit H).
 - a. Mr. Airhart reported on Plant Projects. He said the contractor for the NOVEC transformer replacement project is now actively working the project and an onsite preconstruction meeting is scheduled for February 28, 2022. The contractor is expected to mobilize the week of March 7, 2022, to begin preparations. UOSA awaits the tentative arrival and start of installation for the first transformer at the plant on March 29, 2022, with the second transformer expected on July 8, 2022 with a full completion date of August 2, 2022.
 - b. Mr. Airhart stated that the Contract AWT (Advanced Wastewater Treatment) contractor continues working on the last major valve installation on the east side, which involves a 30-inch by 24-inch diameter cross to be installed next week with the contractor working two double shifts to complete the work with close coordination with UOSA's Treatment Process operators. With all eight clino tanks removed and other hatch filter repairs 50 percent complete, the pressure test will begin when all repairs reach 100 percent complete. The project schedule is on time. The Substantial Completion Date is unchanged at May 10, 2023.

- c. The Ozone Biofiltration engineer continues to work on bidding documents and acquiring the necessary permits for the project from Fairfax County.
- d. The Building U Centrifuge Upgrade (Project U2). The 50 percent design comments were received from staff and will be sent to the engineer for response, with a design workshop review scheduled for February 28, 2022.
- e. For Contract R2D2 (Renovations to Residuals and Building D/2), digester 7/1 work was completed, and staff are pleased with the work provided; the final change orders are being negotiated. The substantial completion requirement for Subproject B work in the Digesters and Building E was January 11, 2022.
- f. The P2NR Plus (Phase 2 Nutrient Reduction Plus) engineer should have the Draft PER delivered on March 4, 2022.
- g. The MFF (Methanol Feeding Facility) has begun the permitting process with Fairfax County. The County is moving along the third round of comments on the site plan and the second round on the building permit.
- h. Mr. Airhart reported on the single active Delivery System Project. He said for the YPIU (Yorkshire Park Interceptor Upgrade), staff continues to coordinate with the Bull Run Park staff through which the interceptor runs and negotiate the limit of disturbance in the park.

MOTION: Director McGrath moved to receive and file the February 2022 Project Summary.

SECOND: Director Vehrs

VOTE: Unanimous

L. Staff Reports

1. Safety Briefing

- a. Ms. Noble-Blair stated that a copy of UOSA's monthly Safety Newsletter was left at the Board Member's places to read at their leisure. She provided a quick safety update and said the outside counter that you see when you enter the plant was at 325 days without a lost time accident. As mentioned in the meeting last month, she said the annual OSHA 300 report was prepared for 2021 and UOSA's Safety Officer is using the monthly newsletter and UOSA's intranet as the official means to communicate to staff and make it available until the April 30, 2022 notification requirement is met.
- b. She reported that UOSA has seen 1 COVID-19 case since last month with a total of 40 cases since the start of the pandemic. She announced that staff recently learned of the State of Virginia Safety and Health Code Board's determination that the Virginia Standard for COVID is no longer needed. The determination still needs to go through a 30-day public comment period which includes a public hearing, then the Codes Board will have to vote to formally revoke the standard. Until official changes are voted on, staff continue to follow UOSA's Infectious Disease Plan, and will update it in accordance with Virginia standards

and requirements, while also following the CDC requirements, as appropriate. The UOSA employee led group, the Health Contingency Working Group (HCWG), will recommend UOSA's next steps regarding the Plan and any revisions to internal policies and procedures.

- c. Director Rishell requested an update on the Dental Amalgam Rule initiative. Ms. Noble-Blair stated that she recently included some information in UOSA's annual pretreatment report summarizing this topic. She said that although a few dentists are still outstanding, approximately 90 percent have responded to staff's various means of reaching out to obtain the documentation that the State is requesting. COVID has had an impact on the initiative and has made contacting dentist office staff a challenge at times. UOSA's Safety Officer, Amanda Taglieri, continues to lead a regional group that meet and discuss how to approach and complete this task on behalf of the State. UOSA will continue efforts to reach out to the last few dentists as well as new dentists that come into our sewershed.

2. Executive Director's Report

- a. Mr. Angelotti advised that the final hardcopy of the Annual Comprehensive Financial Report (ACFR) for FY-2021 had been left at the Board member's places.
- b. Mr. Angelotti reported that staff were in the process of transferring some nutrient credits derived from UOSA's compliance with its General Permit, back to member jurisdictions for use in their MS4 programs. He thanked each jurisdiction for promptly responding. The transfer forms will be distributed to the appropriate signatories at the member jurisdictions to accept the credits so staff can notify DEQ and the Commonwealth's Nutrient Exchange Program as to where the pounds will be credited back to.
- c. Mr. Angelotti advised that a piece of legislation, Senate Bill No. 567, was recently proposed to amend some language in the Occoquan Policy. The new language was proposed to authorize DEQ's issuance of a VPDES discharge permit for a failed Bristow Manor treatment system which previously was permitted under the State's VPA program for a zero surface water discharge permit using a spray irrigation system. This system serves a subdivision of less than 25 homes along with the associated historical manor house and golf club that are located at a golf course that resides in a portion of Prince William County. This area drains to the Occoquan Reservoir. Staff does not believe that the ultimate pollution abatement solution that may be implemented by DEQ, or the proposed modification to the Occoquan policy language, would have a significant impact on UOSA. With what UOSA presently knows, staff recommended that UOSA currently remain neutrally silent on this matter. He wanted to bring it up to apprise the Board of this legislative action and provide an opportunity for discussion of the matter.
 - i. Ms. Noble-Blair confirmed the Bill had passed the Senate and was now with the House.
 - ii. Director Dawood stated the location of this system was close to the U.S. Post Office in the Bristow area of Prince William County, in the rural crescent.

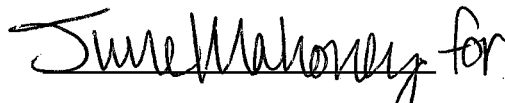
- iii. A brief discussion evolved about development in and around the rural crescent of Prince William County. Mr. Angelotti and Director Farr confirmed that the size of future UOSA capacity expansions were based on the existing zoning plans used to prepare the Master Plan and were independent from proposed future development in the rural crescent.

3. Legal Counsel's Report

- a. Ms. Hostetler provided an update on the status of UOSA's Service Agreement amendment process. She said of the three pieces, the expansion to 60MGD was approved by Bond Counsel and the jurisdiction attorneys. The second piece resulted from the workshop that was held this past summer on how to define what an exceedance is. That language was conceptually approved by Bond Counsel and will be provided to the jurisdiction's (and PWCSA's) attorneys with hopes that in either March or April all comments will be returned to UOSA at which time the Board will need to approve the final version. Then she anticipates that UOSA will send a package of a restated Service Agreement which would include the 2007 Restated Service Agreement, the 2014 Amendment, the 60 MGD expansion and the exceedance language changes as a single revised agreement for adoption by each of the jurisdictions by Summer. This should be consistent with UOSA's CIP program timing for the related projects.

H. Adjournment

MOTION: Director Simpson moved to adjourn at 5:02 P.M.
SECOND: Director Fields
VOTE: Unanimous


Jeanette M. Rishell, Secretary
UOSA Board of Directors

Date: March 17, 2022

These minutes are unofficial until signed.