

A REGULARLY SCHEDULED MEETING OF THE BOARD OF DIRECTORS OF THE UPPER OCCOQUAN SERVICE AUTHORITY WAS HELD JULY 18, 2024, IN THE CHARLES P. 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:

Calvin D. Farr, Jr.	Shahram Mohsenin
Gary L. Fields	Allan Rowley
Michael McGrath	Patrick Small
Richard Meyer	Nancy Vehrs

Directors Absent:

None

Others Present:

UOSA Staff:

Brian Steglitz
Brian L. Owsenek
Kevin D. Wolfe
Mishelle Noble-Blair
June Mahoney

Legal Counsel:

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

Financial Advisor:

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

Bond Counsel:

Martha Warthen, Senior Attorney
Brendan Staley, Partner
Hunton Andrews Kurth, LLP

Engineers:

Don Forgacs, Jacobs

B. Approval of Minutes

1. Chairman Mohsenin referenced Board Minutes dated June 20, 2024, and asked the Board for their approval.

MOTION: Director Small moved to approve the minutes of the June 20, 2024, 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 she had not received any ahead of the meeting. None were brought forward during the meeting.

D. UOSA 2010B Bond Refunding Opportunity Update

1. Chairman Mohsenin referenced staff memorandum, *UOSA 2010B Bond Refunding Opportunity Update* (filed as Exhibit A).
 - a. Mr. Wolfe said the Board may recall from last month's meeting a discussion detailing an opportunity to refund UOSA's 2010B Build America Bonds (BABs). The Board's desire was to have staff return this month with Bond Counsel and our Financial Advisors to revisit that opportunity and to answer further questions. Mr. Jimmy Sanderson, our Financial Advisor from Davenport Company LLC, was there to review an updated refunding analysis. UOSA's Bond Counsel, Ms. Martha Wharton from Hunton Andrews Kurth, LLP was in-person, while Mr. Brendan Staley attended via electronic video conferencing.
 - b. Mr. Sanderson presented the updated refunding information referenced in the slide handout.
 - c. Director Meyer asked if there were any known lawsuits filed as a result of using the extraordinary call for BABs. Ms. Warthen and Mr. Staley detailed a Federal Court of Claims case that ruled in favor of the plaintiff, Indiana Municipal Power Agency, against the Department of Treasury. The plaintiffs alleged that the federal government was failing to perform its statutory obligation to make the full subsidy payments on the plaintiffs' Build America Bonds (equal to 35% of the interest due on such bonds). The Federal Claims Court held that the legislative acts implementing sequestration modified the subsidy payment obligations for Build America Bonds even though the sequestration legislation did not expressly amend the applicable provisions of the American Recovery and Reinvestment Act ("ARRA") that established the subsidy. The Federal Circuit affirmed the Federal Claims Court decision, and the Supreme Court denied cert in November 2023. The holding that sequestration constituted a modification of the ARRA provisions providing for the BABs subsidy payments is of note because many of the BABs (including UOSA's 2010 Bonds) included an optional redemption feature in the event of a change to the ARRA provisions resulting in a reduction to the BABs subsidy payments (an "extraordinary event"). This holding offers a source of authority for the conclusion that sequestration constitutes an extraordinary event and thus entitles issuers to exercise the extraordinary optional redemption right.
 - d. Mr. Staley said they were not aware of any other lawsuits filed, just a group of agitated investors who sent menacing letters to the University of California Board of Regents in March 2024; no action was taken beyond those letters. Numerous other authorities, including some in Virginia, (e.g. HRSA) have utilized this provision to refund bonds.

MOTION: Director Small moved to approve the Resolution authorizing staff to proceed with the first step in the refunding and the issuance of the 2024 Series Bonds along with the appointment of bond counsel for the issuance, and for the Board to consider the details of the bonds and the necessary documents at an August Board meeting, including providing for a savings threshold determined by the Board.

SECOND: Director Fields

VOTE: Unanimous

E. Financial Reports

1. Chairman Mohsenin referenced staff memorandum, *June 2024 Financial Summary* (filed as Exhibit B).

- a. Mr. Wolfe stated that the June Financial Summary reflects higher O&M expenses than planned, primarily due to an activated carbon purchase and an arc flash assessment that was partially offset by lower Electric Power expenses for the month. Flows were 18.6 percent lower than planned for the month. Year-to-date FY-24 expenses through June were lower than budget by approximately \$1.8 million, primarily due to lower usage or requirements for Process Chemicals, Personnel, Contract Services Electric Power, Facilities Operations, and Miscellaneous expenses. Year-to-date flows were 8.9 percent lower than planned.

MOTION: Director Vehrs moved to receive and file the June 2024 Financial Summary.

SECOND: Director Fields

VOTE: Unanimous

F. Approved FY-25 Budget

1. Chairman Mohsenin referenced staff memorandum, *Approved FY-25 Budget* (filed as Exhibit C).

- a. Mr. Wolfe said the approved Market Rate Adjustment endorsed by the Board at last month's meeting, resulted in an amendment to the FY-25 Budget and that replacement documents, located in folders at the Board member's places were meant to be included in their budget binders.

MOTION: Director McGrath moved to receive and file the report which confirms the final FY-25 Budget for UOSA.

SECOND: Director Vehrs

VOTE: Unanimous

G. FY-24 Fourth Quarter Plant Performance Report

1. Chairman Mohsenin referenced staff memorandum, *FY-24 Fourth Quarter Plant Performance Report* (filed as Exhibit D).

- a. Mr. Owsenek reported that staff achieved excellent plant performance during the fourth quarter of FY-24.
- b. Chairman Mohsenin commended the staff and thanked everyone for their dedication to the organization.

MOTION: Director Vehrs moved to receive and file the FY-24 Fourth Quarter Plant Performance Report.
SECOND: Director McGrath
VOTE: Unanimous

H. Major Project Reports

1. Chairman Mohsenin referenced staff memorandum, *July 2024 Project Summary* (filed as Exhibit E).
 - a. Mr. Owsenek said in an interest of keeping the reporting brief, he asked if there were any questions related to projects detailed in the Summary.
 - b. In response to Director Vehrs, Mr. Owsenek advised that the Yorkshire Park Interceptor Upgrade (YPIU) project has negotiated payments with NOVA Parks to the right for construction and to close the trail for a substantial period of time for full access during construction. He added that the timing of the trail closure to potentially impact the Blue Bell season of March and April, has yet to be determined as the permitting process with Fairfax County is underway. He said the closure could also depend on the mobilization of the contractor as well.
 - c. In response to Director Rowley, Mr. Owsenek and Mr. Steglitz advised that staff expect the results of the Re-rating Study in the coming months.
 - d. In response to Director Farr, Mr. Owsenek said several projects were underway pertaining to PFAS investigations. The PFAS Investigation Framework is a \$20,000 task order to CDM, with additional laboratory expenses. This task represents the first phase of an investigation into the fate and transport of PFAS through the UOSA plant. He acknowledged that this framework is partially a continuation of the ozone project discussion and a reaction to the latest planned effort of PFAS investigations.

MOTION: Director Vehrs moved to receive and file the June 2024 Project Summary report.
SECOND: Director Meyer
VOTE: Unanimous

I. Staff Reports

1. Safety Briefing
 - a. Mr. Steglitz advised that as a result of some feedback he had received from the Board, that staff would take a different approach and not do verbal presentation of some reports that were already provided in a written format in the package. He stated that Ms. Noble-Blair would be happy to answer any questions the Board may have. No questions were received.

MOTION: Director Rowley moved to receive and file the July 2024 Safety Report.
SECOND: Director Vehrs
VOTE: Unanimous

2. Executive Director's Report

- a. Mr. Steglitz gave a presentation on the Biosolids Management Program (filed as Exhibit F) that focused on: the Federal regulatory horizon and State approaches with regards to PFAS and land application, the impact on UOSA, future capital project implications, and the path forward. He stated the future risks and opportunities of rehabbing the existing pelletizer, rather than replacing a unit at this time, would delay the need for future bond funding, as well as allow for time to find alternatives to source control. He said staff have begun working with Fairfax County and Prince William Water about opportunities to explore sludge transfer in terms of emergencies. He advised that no action was needed at this time, he only wanted to keep the Board aware of yet another treatment process at UOSA that could be impacted by potential PFAS regulations for land application.
- b. In response to Director Small, Mr. Owsenek advised that UOSA produces approximately 7,000 tons/year and all the product is applied to farms as fertilizer pellets that are blended and combined, packaged and sold by a third-party, with other nutrients to be used as fertilizer.
- c. Mr. Steglitz recognized and reassured the Board that UOSA continues communicates with its legislative representatives and special committee members, either directly or through member associations (i.e. NACWA, VAMWA, Aqua Law), to protect UOSA's best interest.
- d. He advised the Board that he would be attending NACWA's 2024 Utility Leadership Conference.
- e. Chairman Mohsenin asked the Board for their consent on the draft letter left at their places, addressed to the Board Chair of Prince William Water, and the Chairman of Fairfax Water, regarding the Occoquan Reservoir PFAS – UOSA Ozone/Biofiltration Project (filed as exhibit G). The Board agreed and the Chairman would sign the letter, and staff would handle its distribution.
- f. Director Vehrs commended the staff who organized UOSA's Annual Service Award celebration that took place in June 2024.

3. Legal Counsel's Report

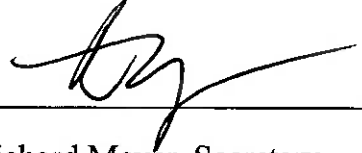
- a. Ms. Hostetler stated that she would be working with staff to conduct a review of the legal authorities supporting UOSA's Pretreatment Program as the ordinance in some of the jurisdiction, and agreements have changed over time. She may be reaching out to the member jurisdiction's legal counsel as needed during this review process.
- b. Director Meyer suggested that legal counsel be aware of the recent Supreme Court decisions to 1) do away with the Chevron doctrine and its impact on EPA's ability to regulate PFAS, and 2) the Securities and Exchange Commission and their ability to fine entities. Ms. Hostetler also indicated that the "major questions doctrine" from a 2022 Supreme Court may also play a role in challenges to regulations that might impact UOSA and that she would keep it on her radar.

J. Adjournment

MOTION: Director Farr moved to adjourn at 5:28 P.M.

SECOND: Director Fields

VOTE: Unanimous



Richard Meyer, Secretary
UOSA Board of Directors

Date: August 22, 2024

These minutes are unofficial until signed.