

CITY OF MANASSAS PARK - STAFF REPORT/RECOMMENDATION

REQUESTING DEPARTMENT: Department of Community Development

MEETING DATE: March 7, 2023

SUBJECT/TOPIC: Public Hearing for the Approval of the 2022 Restated and Amended Service Agreement for the Upper Occoquan Service Authority

BACKGROUND: The City of Manassas Park entered into a service agreement with the City of Manassas, Prince William County, and Fairfax County to operate a regional sewage treatment plant on May 15, 1972. This agreement created the Upper Occoquan Service Authority (UOSA), which operates a regional sewage treatment plant. All the sewage generated in the City of Manassas Park is treated at the UOSA facility.

This agreement has been amended and restated from time to time; the most recent restatement was adopted in 2015. Attached is the most recent restatement of the UOSA agreement, which incorporates the 2015 restated agreement and two new amendments to be approved by the jurisdictions as part of this process.

The first amendment provides for the expansion of the UOSA sewage treatment plant to 60 million gallons per day. The City of Manassas Park does not yet require additional capacity; therefore, this amendment has no direct impact on the City of Manassas Park.

The second amendment changes how exceedances of allocated flow capacity and allocated pollutant loadings are calculated. These changes allow for more flexibility in addressing exceedances of allocated flow capacity or allocated pollutant loads before a jurisdiction is required to temporarily terminate issuance of permits that result in any increases.

FINANCIAL IMPACT: Total: \$0.00	Budgeted:	YES	NO
	Amount Budgeted:	\$0.00	
	Amount Spent:	\$0.00	
	Amount Requested:	\$0.00	
	Budget Line Item:	Not applicable	

STAFF RECOMMENDATION: That the Governing Body approve and authorize the Mayor to sign the 2022 Restated and Amended Service Agreement for the Upper Occoquan Service Authority.

CITY MANAGER APPROVAL: Required: <input checked="" type="checkbox"/> Not Required: <input type="checkbox"/>	 <i>Laszlo A. Palko</i> _____ Laszlo A. Palko, City Manager
CITY ATTORNEY APPROVAL: Required: <input type="checkbox"/> Not Required: <input type="checkbox"/>	 _____ Dean H. Crowhurst

ATTACHMENTS:

- 1) 2022 Restated and Amended Service Agreement (clean)
- 2) 2022 Restated and Amended Service Agreement (comparison)

2022 RESTATED AND AMENDED SERVICE AGREEMENT

THIS AGREEMENT, made as of the 15th day of May, 1972, and restated and amended herein, by and between the UPPER OCCOQUAN SEWAGE AUTHORITY (UOSA), a public body politic and corporate duly created pursuant to the Virginia Water and Waste Authorities Act, and the CITY OF MANASSAS and the CITY OF MANASSAS PARK, municipal corporations of the Commonwealth of Virginia, and the BOARD OF SUPERVISORS OF FAIRFAX COUNTY and the BOARD OF COUNTY SUPERVISORS OF PRINCE WILLIAM COUNTY, acting for and on behalf of said counties and the sanitary districts thereof, which are located in whole or in part within the Service Area (hereinafter defined) (such four parties being called collectively the Political Subdivisions and individually a Political Subdivision), provides that:

WHEREAS, the parties entered into a Service Agreement dated as of the 15th day of May, 1972 (the Service Agreement), providing for the treatment of sewage at a regional sewage treatment plant; and

WHEREAS, the Service Agreement has been amended and restated from time to time; and

WHEREAS, the parties desire to restate and amend their Service Agreement and to change the same;

NOW THEREFORE, the Service Agreement is hereby restated and amended as follows:

ARTICLE I

Definitions and Warranties

Section 1.1. The following words as used in this Agreement shall have the following

meanings:

"Act" shall mean the Virginia Water and Waste Authorities Act (§15.2-5100, et seq., Code of Virginia of 1950, as amended, and as it may be amended from time to time).

"Authority" shall refer to any entity other than UOSA formed in accordance with the Act.

"Auxiliary Facility" shall mean any sewage treatment facility other than the UOSA Plant and the UOSA Delivery System, which is 1) limited to the treatment and/or disposal of Industrial Wastewater, 2) sponsored by a Political Subdivision, and 3) to remain at all times under the exclusive operation and control of UOSA.

"Auxiliary Facility Agreement" shall mean a written contract between UOSA and a sponsoring Political Subdivision(s) with respect to an Auxiliary Facility as set forth herein.

"Auxiliary Facility Expense" shall mean all expenses, obligations, damages, costs of whatever nature, including charges by UOSA for indirect costs of administration and overhead, whether directly or indirectly relating to an Auxiliary Facility, its construction, operation, maintenance, de-mobilization and consequential cost, expenses, and damages.

"Bonds" wherever used, shall include notes, bonds, bond anticipation notes or other debt obligations of UOSA whether now outstanding or to be issued in the future.

"Cost" when used with respect to the UOSA Plant and the UOSA Delivery System, shall mean the purchase price of any sewage treatment system or the cost of acquiring all of the capital stock of the corporation owning such system and the amount to be paid to discharge all of its obligations in order to vest title to the system or any part thereof in UOSA, the Cost of Replacements and Necessary Improvements, the cost of all lands, properties, rights, easements, franchises and permits acquired, the cost of all machinery and equipment, financing charges,

interest prior to and during construction and for one year after completion of construction, any deposit to any Bond interest and sinking fund reserve account, cost of engineering and legal services, plans, specifications, surveys, estimates of costs and of revenues, other expenses necessary or incident to the determining of the feasibility or practicability of any such acquisition, improvements, or construction, administrative expenses, and such other expenses as may be necessary or incident to the financing herein authorized, to the acquisition, improvements, construction or expansion of the UOSA Plant and the UOSA Delivery System. Any obligation or expense incurred by UOSA in connection with any of the foregoing items of cost and any obligation or expense incurred by UOSA prior to the issuance of Bonds by UOSA for engineering studies and for estimates of cost and of revenues and for other technical or professional services which may be utilized in the acquisition, improvement or construction or expansion of such system, may be regarded as a part of the cost of such system.

"Cost of Replacements and Necessary Improvements" when used with respect to the UOSA Plant and the UOSA Delivery System, shall mean the cost of acquiring, installing or constructing replacements and necessary improvements which do not increase the capacity or scope of the UOSA Plant and the UOSA Delivery System, and shall embrace the cost of all labor and materials, the cost of all lands, property, rights, easements, franchises and permits acquired which are deemed necessary for such acquisition, installation or construction, interest during any period of disuse during such acquisition, installation or construction, the cost of all machinery and equipment, financial charges, cost of engineering and legal expenses, plans, specifications, and such other expenses as may be necessary or incident to such acquisition, installation or construction.

"DEQ" shall mean the Virginia Department of Environmental Quality and/or the State

Water Control Board or any other agency or agencies of the Commonwealth of Virginia or the United States, which may succeed to their duties.

"Industrial Wastewater" shall mean any water which, during manufacturing, processing or assembling operations, comes into direct contact with or results directly from the processes of production or use of any raw material, intermediate product or finished product. As used herein, the word sewage shall include Industrial Wastewater.

"Meters" shall mean any device for measuring the flow of sewage.

"mgd" shall mean million gallons per day based on the highest average of any 30 consecutive day flow.

"Occoquan Policy" shall mean the DEQ State Water Control Board's Policy for Waste Treatment and Water Quality Management in the Occoquan Watershed, dated July 26, 1971, as the same has been or may be revised from time to time.

"Partial Cash Funded Project" shall mean one or more facilities or portions thereof (including replacements or improvements) which is described in and qualified under Sections 4.11 and 4.12 herein.

"Points of Delivery" shall mean the location of the connections made by Political Subdivisions at any point along the UOSA Delivery System for the delivery of sewage to UOSA. Connections may be added or changed to other locations along the UOSA Delivery System only by agreement between UOSA and the Political Subdivisions making such connection.

"Political Subdivisions" shall mean the Cities of Manassas and Manassas Park, as municipal corporations of the Commonwealth of Virginia, and the Counties of Fairfax and Prince William, as counties of the Commonwealth, as they now or may be hereafter constituted.

"Project" shall mean UOSA's advanced waste treatment system, consisting of the

UOSA Delivery System, the UOSA Plant, and Auxiliary Facilities approved and undertaken at the discretion of UOSA pursuant to the terms of this Agreement, including any replacements, modifications, improvements or authorized expansions.

"Reserves" shall mean (unless modified with the approval of all Political Subdivisions) all amounts held by UOSA as reserves which shall not exceed (1) an amount equal to the next year's estimated expenditures for operation and maintenance; (2) depreciation in a minimum amount required by law and the Trust Agreement; (3) funds necessary to pay principal (whether at maturity or by required sinking fund payment), premium, if any, and interest on the Bonds as they become due and payable; and (4) a margin of safety for making debt service payments not to exceed the highest year's payments for principal (whether at maturity or by required sinking fund payment), premium, if any, and interest on the Bonds.

"Septage Receiving Facility" shall mean that portion of the UOSA Plant, which accepts septage for treatment.

"Service Area" shall mean that portion of the watershed of Occoquan Creek and its tributaries lying above the confluence of Occoquan Creek and Bull Run, save and except the Cedar Run Watershed and that portion of the Occoquan Creek Watershed in Prince William County lying generally to the south of the centerline of Occoquan Creek, and being within the geographic boundaries of the Political Subdivisions. These geographic boundaries of the Service Area shall be determined more exactly from time to time by UOSA.

"Trust Agreement" shall mean, collectively, any resolution, trust agreement or indenture authorizing and securing Bonds to which UOSA is a party.

"Trustee" shall mean the trustee designated in any Trust Agreement.

"UOSA" shall mean the Upper Occoquan Sewage Authority, a public body politic and

corporate duly created pursuant to the Act by the Councils of the Cities (then Towns) of Manassas and Manassas Park and the Boards of Supervisors of Fairfax and Prince William Counties and by a certificate of Incorporation issued by the State Corporation Commission of Virginia on April 1, 1971.

"UOSA Delivery System" shall mean the regional delivery system of trunk or interceptor sewers now existing or to be expanded, constructed or modified, owned and/or operated by UOSA, including power supplies, pumping facilities, force mains, flow measurement devices and retention basins, to transport sewage from Points of Delivery to the UOSA Plant, all as shown on Exhibit A attached hereto.

"UOSA Plant" shall mean the advanced waste treatment plant now existing and as it may be expanded, constructed, or modified, owned and operated by UOSA, including administration buildings, plant offices, laboratory building, retention and ballast basins, power supplies and necessary appurtenances and equipment, for the treatment of sewage and the utilization and/or disposal of residuals and by-products in conformance with requirements of the Occoquan Policy and DEQ.

"VPDES Permit" shall mean the Virginia Pollution Discharge Elimination System permit or any permit of a different name which may hereafter authorize what is now permitted by a VPDES permit.

Section 1.2. UOSA and the Political Subdivisions each represent and warrant that they have full power and authority to enter into and perform this Agreement.

ARTICLE II

Term of Agreement

Section 2.1. This Agreement shall remain in full force and effect until December 31, 2049, and thereafter as may be provided by concurrent resolution of the member Political Subdivisions, which are then parties thereto. This Agreement may not be terminated by or as to any party until December 31, 2012 and thereafter until all Bonds have been paid or provision made for their payment.

Section 2.2. Subject to the limitation of Section 2.1, and the fulfillment of all conditions therein, any party to this Agreement may withdraw from UOSA and terminate all of its obligations under this Agreement. No sponsoring Political Subdivision of an Auxiliary Facility may withdraw from UOSA so long as the Auxiliary Facility Agreement is in effect. No such termination shall become effective until three years after written notice thereof shall have been given to each of the other parties hereto. Withdrawal and termination by one Political Subdivision shall not terminate this Agreement as to any other Political Subdivision.

ARTICLE III

Financing, Construction and Operation of Facilities

Section 3.1. UOSA is authorized and directed to proceed with the expansion of the capacity of the UOSA Plant to 54 mgd and sewerage system improvements identified as Phases I, II, and III of the CH2M HILL Preliminary Engineering Report, dated July 1987 (PER) that are part of the UOSA Delivery System, the CH2M HILL "Cub Run Gravity Delivery System Evaluation", dated March 2004, and the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and such other improvements as are necessary or beneficial to expand the UOSA Plant and Delivery System to 54 mgd.

Section 3.2. UOSA is authorized and directed to proceed with the expansion of the

UOSA Flat Branch Delivery System from 54 mgd to 64 mgd as identified in the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and such other improvements as are necessary to make related improvements to the UOSA Delivery System.

Section 3.3. UOSA is authorized and directed to proceed with the construction, alterations and improvements required by DEQ to install nutrient reduction facilities and systems in the UOSA Plant and such other improvements as are necessary or beneficial to ensure compliance with DEQ regulations.

Section 3.4 UOSA is authorized and directed to proceed with the construction, alterations and improvements referred to as "hydraulic improvements", which are only those improvements that are specifically identified in the CH2M HILL Technical Memorandum: "Basis for Hydraulic Improvements to the UOSA Regional Water Reclamation Plant", dated July 13, 2006, and such beneficial changes as are necessary to carry out the project identified therein and comply with regulatory requirements.

Section 3.5. UOSA has acquired approximately 210 acres of additional land in anticipation of its future needs. Such acquisition cost and/or debt shall be charged to the Political Subdivisions as may be necessary as an item specified in Section 6.1(c).

Section 3.6. UOSA shall direct the Trustee to deposit any balance of construction funds remaining from any issue of Bonds after completion of the improvements for which such Bonds were issued in a separate account pursuant to the Trust Agreement. Such funds shall be used and credited by UOSA as set forth in Section 6.4 (h).

Section 3.7. A Political Subdivision shall have the right to approve additional locations and capacity of sewer lines forming a part of the UOSA Delivery System, which are located within its boundaries and are not authorized by the expansion referenced in Section 3.1. UOSA

shall not construct additional lines within a Political Subdivision without prior authorization of that Political Subdivision.

Section 3.8. UOSA shall expand (as herein authorized), operate and maintain the UOSA Plant and the UOSA Delivery System in an efficient and economical manner, making all necessary and proper repairs, improvements, replacements and renewals, consistent with good business and operating practices for comparable facilities and in accordance with applicable standards of DEQ and the Occoquan Policy.

Section 3.9. UOSA is authorized and directed to proceed with the expansion of the UOSA Plant and Delivery System to 60 mgd as identified in the October 2020 Master Plan to Address Increasing Flows and Loads at the Millard H. Robbins, Jr. Water Reclamation Plant prepared by Jacobs, and such other improvements as are necessary or beneficial to expand the UOSA Plant and Delivery System to 60 mgd.

ARTICLE IV

Obligations of Political Subdivisions

Section 4.1. The Political Subdivisions shall deliver to UOSA at Points of Delivery all sewage collected by them in the Service Area and, except as expressly permitted by this Agreement, shall not permit or provide for the treatment of sewage collected by them in the Service Area in any other manner. The Political Subdivisions shall be responsible for delivering sewage collected by them in the Service Area to UOSA at Points of Delivery and for financing, construction, operation and maintenance of all facilities for the collection and delivery of sewage to Points of Delivery.

Section 4.2. The Political Subdivisions recognize that the capacity of the UOSA Plant

will be regulated by DEQ and that allocations of UOSA Plant capacity will have to be made to avoid overloading. Each of the Political Subdivisions covenants and agrees not to exceed its UOSA Plant capacity as allocated from time to time. Each Political Subdivision has the primary responsibility for the necessary actions to insure that its wastewater flows to the UOSA Plant remain within such Political Subdivision's allocated share of DEQ certified flow capacity for the UOSA Plant.

Section 4.3. At such time as any Political Subdivision is advised by UOSA that for each month during any three consecutive month period, that Political Subdivision's 30 day rolling average flow exceeded 95% of its allocated capacity in the UOSA Plant, such Political Subdivision shall temporarily terminate the issuance of permits which allow- start of construction on projects in that portion of the UOSA Service Area in the Political Subdivision until the exceeding Political Subdivision's UOSA Plant capacity is increased by reason of reallocation, arrangements are made for sewage from the Service Area in excess of its allocation to be treated outside the Occoquan Watershed, or it has been advised by UOSA that it may deliver additional sewage to UOSA and such advice has not been revoked.

Section 4.4. Each of the Political Subdivisions covenants and agrees to pay promptly, when due, charges of UOSA as determined pursuant to Article VI and billed to it from time to time; provided, however, that all such charges shall be payable solely from revenues received by each Political Subdivision (or transferee or Authority or other legal entity created thereby as described in Section 4.8) from the charges to be paid by the users of its sewerage system and available to it for such purposes including availability fees, connection fees, service fees or any other fees, and other system revenues.

Section 4.5. Each of the Political Subdivisions covenants and agrees to fix and collect (or

cause to be fixed and collected) from the users of its sewerage system charges sufficient to make the payments required of it under this Agreement. UOSA will provide each Political Subdivision with information as to the minimum charge necessary for such Political Subdivision's required payments.

Section 4.6. Each of the Political Subdivisions will endeavor to observe all applicable administrative and technical requirements contained in the Occoquan Policy or legally required by any authorized regulatory body, including UOSA. Upon receipt of a notice of violation by an authorized regulatory body, the Political Subdivision shall proceed to comply with such rules or regulations within a reasonable time considering the exigencies of the circumstances.

Section 4.7. Each of the Political Subdivisions covenants and agrees (subject to provisions of its charter, if applicable) that it will not enter into any contract providing for sewage treatment with any party having sewage flows originating within the geographic boundaries of other Political Subdivisions that are members of UOSA without the prior approval of such other Political Subdivision; provided, however, that such right of approval shall not be construed to limit the power of DEQ to fulfill its function under the law.

Section 4.8. (a) Each Political Subdivision agrees not to sell, transfer or dispose of its sewerage system unless:

- (i) Such transfer is to another governmental unit within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended;
- (ii) The transferee agrees to comply with the terms of this Agreement to the extent applicable to sewage delivered to UOSA;

(iii) The transferee agrees to fix and collect rates and charges sufficient to satisfy the obligation of the transferring Political Subdivision under Section 4.5;

(iv) The transferee agrees to make the payments to UOSA required to be made by the transferring Political Subdivision to the extent such payments are not made by the Political Subdivision; and

(v) The sale, transfer or disposition is approved by UOSA.

Notwithstanding the foregoing, no such sale, transfer or disposition will release the transferring Political Subdivision from any obligation or liability under this Agreement or affect any agreement or understanding between the Political Subdivision and the transferee.

(b) In the event that a Political Subdivision creates or has created an Authority or other legal entity to act as its agent, for the purposes of collecting sewage in the Service Area and/or for billing and collecting fees or charges to be paid by the users of a sewerage system located in the Service Area, such Political Subdivision shall not be relieved of its obligations under this Agreement. Such Political Subdivision shall require any Authority or other legal entity it creates to comply fully with this Agreement with respect to all sewage collected within the Service Area and shall nonetheless remain responsible for any noncompliance. The Political Subdivision shall cause such Authority or other entity to covenant and agree to fix and/or collect from the users of its sewerage system charges sufficient to make the payments required under this Agreement. A Political Subdivision which creates or has created such an entity shall ensure that UOSA has the same rights as that Political Subdivision to enforce the setting and collecting of rates and the payment of charges to UOSA. To the extent that any such Authority or other legal entity agrees to charge, collect and pay all or any part of Political Subdivision's obligations to UOSA, such agreement shall supplement and not be in lieu

of the Political Subdivision's covenant and agreement to charge, collect and pay UOSA as provided in this Agreement.

Section 4.9. All parties hereto and any Authority or other entity described in Section 4.8.(b) will pursue diligently the abatement of inflow and infiltration.

Section 4.10. (a) Notwithstanding anything to the contrary in this Agreement, UOSA may contract with a Political Subdivision(s) to undertake the operation and (with the agreement of UOSA and the sponsoring Political Subdivision(s)) ownership of an Auxiliary Facility sponsored by that Political Subdivision(s) pursuant to an Auxiliary Facility Agreement, when authorized and approved by unanimous consent of the UOSA Board, with all eight members present and voting, in its sole discretion after having confirmed by resolution that:

(i) UOSA has determined that such alternative disposal of Industrial Wastewater to the Auxiliary Facility shall not violate the Occoquan Policy; and

(ii) the Auxiliary Facility shall not be detrimental to UOSA, the water supply, the Project or the operation thereof.

(b) Notwithstanding any other provision of this Agreement, all Auxiliary Facility Expenses shall be the sole and full responsibility of the Political Subdivision(s) proposing and sponsoring such Auxiliary Facility. Any payment UOSA is required to make as a consequence of its undertaking, ownership or operation of the Auxiliary Facility shall be conclusively deemed an expense chargeable to the sponsoring Political Subdivision(s) only and no other Political Subdivisions shall be responsible or required to reimburse UOSA for any expenses, obligations, damages, costs or liabilities whatsoever that are directly or indirectly associated with such Auxiliary Facility.

(c) In addition to such other terms as the Board may decide upon,

the Auxiliary Facility Agreement shall include, and if not there set out shall be deemed to include, the following provisions:

(i) that any required VPDES permits shall be issued to UOSA and UOSA shall have all necessary authority to ensure compliance with such permits, relevant laws and regulations and the efficient operation and control of such Auxiliary Facility;

(ii) that the Political Subdivision(s) which sponsor(s) an Auxiliary Facility shall have the sole and full responsibility for all Auxiliary Facility Expenses, and neither UOSA shall be caused a diminution of revenue, nor the other Political Subdivisions be burdened with any Auxiliary Facility Expenses;

(iii) that the Political Subdivision(s) which sponsors(s) such Auxiliary Facility shall, to the full extent permitted by law, provide indemnification to, and hold harmless, UOSA and the other Political Subdivisions for all such expenses, obligations, damages, costs and liabilities, including attorney fees, court costs and litigation expenses in any way associated with claims or causes of actions arising out of the Auxiliary Facility or the enforcement of the hold harmless obligation and the right to indemnification;

(iv) that UOSA, in addition to all other rights by law or contract, shall have the right to terminate the operations of the Auxiliary Facility, upon reasonable notice to the sponsoring Political Subdivision, if any of the requirements of this Agreement or the Auxiliary Facility Agreement are breached by the sponsoring Political Subdivision;

(v) that the Political Subdivision(s) which sponsor(s) an Auxiliary Facility shall be responsible for financing, construction, operation and maintenance of all facilities for the collection and delivery of Industrial Wastewater to that Auxiliary Facility and for the conveyance of the treated effluent to the VPDES permit approved point of discharge.

(d) Any Political Subdivision, whether or not a party to an Auxiliary Facility Agreement, may sue to enforce the terms of such Auxiliary Facility Agreement. The party substantially prevailing in such litigation shall be awarded its reasonable attorneys fees and costs incurred with respect to the issues upon which it prevailed.

(e) Any Authority created by a Political Subdivision may be a party to any Auxiliary Facility Agreement to which the Political Subdivision is a party, with such rights, duties and obligations as the parties shall agree. In no event shall such an Auxiliary Facility Agreement be assignable without the written consent of UOSA and such assignment shall be only to another Political Subdivision.

(f) Delivery of Industrial Wastewater by a Political Subdivision to an Auxiliary Facility pursuant to this Section shall be deemed delivery to UOSA as required in Section 4.1 herein.

Section 4.11. If one or more of the Political Subdivisions wants to be permitted to deposit cash to fund all or a portion of that Political Subdivision's costs of one or more projects or a designated portion of an identified UOSA program to be funded by Bonds (or other financing) authorized by this Agreement, then for purposes of this Agreement, such project or projects or portion of a program shall be deemed to be a Partial Cash Funded Project if the additional conditions set forth in this Section and Section 4.12 are met. A

request for a Partial Cash Funded Project shall be made in writing at least 90 days prior to the issuance of such Bonds (or other financing) authorized by this Agreement and shall include:

- (a) The portion or amount of the desired deposit; and
- (b) An acknowledgement that such Political Subdivision shall continue to be obligated under the provisions of Section 6.1(c) to make payments to UOSA to restore the balance in any debt service reserve with respect to the Bonds for such project, even if the entire respective portion of the costs of such project has been deposited by the Political Subdivision and it therefor has no responsibility for regular payments for principal, premium, if any, or interest on such Bonds.

All monies relating to the same project, whether cash or financed funds, shall be maintained and administered in one fund. Any excess monies at the conclusion of the project shall be used for future project costs as may be permitted by the Bond (or other financing) documents in accordance with each member Political Subdivision's allocation of the costs of such project or projects or program.

Section 4.12. Before issuance of the Bonds (or other financing) for the Partial Cash Funded Project shall occur, the following three criteria must be met:

- (a) a unanimous vote by the UOSA Board to allow a project to be a Partial Cash Funded Project;
- (b) evidence satisfactory to it that the ratings on the Bonds for the Partial Cash Funded Project will be at least as high as the ratings on outstanding (but not defeased) Bonds of UOSA with which the Bonds to be issued will be secured in parity, unless the reduced rating can be attributed wholly to matters not associated with the financing qualifying as a Partial Cash Funded Project; and

(c) from the Political Subdivision or Subdivisions making the request under Section 4.11, the deposit with the trustee for the Bonds financing the Partial Cash Funded Project of cash in an amount equal to the portion of the cost of the Partial Cash Funded Project (not including Bond issuance expenses or initial reserve deposits) identified by the Political Subdivision or Subdivisions as the portion for which it intends to provide cash in lieu of a borrowing. Such Deposit shall include that Political Subdivision's share of the project costs to be financed, as well as that Political Subdivision's proportionate share of the fixed costs of borrowing (such as bond rating agency and financial advisor costs, etc.), but shall not include the variable costs of the borrowing which are calculated as a percentage of the borrowing (underwriting fees and initial reserve deposit). The proportionate share of the fixed costs of borrowing is based on the allocation of project costs (as set forth in Section 6.4) compared to the allocation of total project costs being funded. Project cost allocations and the proportionate share of fixed costs for a project to increase UOSA plant capacity beyond 54 mgd would have to be defined through a future Service Agreement Amendment.

ARTICLE V

Obligations of UOSA

Section 5.1. Subject to the provisions of this Agreement, UOSA shall accept and treat all sewage delivered by the Political Subdivisions at Points of Delivery up to their respective allocated (or reallocated per Section 5.4) UOSA Plant capacities. UOSA shall also accept and treat septage delivered to the Septage Receiving Facility in accordance with Section 5.7. UOSA shall be under no obligation to treat sewage at the UOSA Plant delivered by any Political Subdivision in excess of its allocated (or reallocated per Section 5.4) UOSA Plant capacity.

Subject to the other provisions of this Agreement, UOSA shall accept and treat Industrial Wastewater at any Auxiliary Facility in accordance with the terms of the respective Auxiliary Facility Agreement.

Section 5.2. UOSA shall not request DEQ certification for any additional UOSA Plant capacity for a specific Political Subdivision unless so requested by the governing body of such Political Subdivision. Any increase in certified UOSA Plant capacity shall be subject to UOSA and the Political Subdivisions meeting all applicable requirements of the Occoquan Policy. Any increase in certified UOSA Plant capacity shall be allocated to and paid for by Political Subdivisions requesting such increases in certification (to include reimbursement to the other Political Subdivisions for any capital contributions previously made in excess of the revised percentage allocations).

Section 5.3. Prior to DEQ issuing a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the capacity allocation was as follows:

Fairfax County	9.9149 mgd
Prince William County	8.6781 mgd
City of Manassas	6.6813 mgd
City of Manassas Park	1.7257 mgd
	27.0000 mgd

Section 5.4. Any Political Subdivision may reallocate any portion of its allocated UOSA Plant capacity to any other Political Subdivision on such terms as may be mutually agreeable, subject to approval of UOSA. The Political Subdivisions shall give UOSA written notice of any such transfer and UOSA shall change the UOSA Plant capacity allocations on its books and records. However, these reallocations shall not alter the obligations of each Political Subdivision

as set forth in Sections 6.1(b) and (c) and Sections 6.3 and 6.4.

Section 5.5. (a) At such time that DEQ issued a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd but less than 54 mgd, the allocation of the first 27 mgd was as set forth in Section 5.3 and the allocation of capacity above 27 mgd to 54 mgd was in the following percentages:

	<u>Percentage of Additional Capacity</u>
Fairfax County	65.5%
Prince William County	26.4%
City of Manassas	3.7%
City of Manassas Park	<u>4.4%</u>
	100.0%

(b) At such time that DEQ issues a Certificate to Operate the UOSA Plant at a capacity of 60 mgd, the allocation of additional capacity from 54 mgd to 60 mgd shall be as follows:

	<u>Percentage of Additional Capacity</u>
Fairfax County	0%
Prince William County	50%
City of Manassas	50%
City of Manassas Park	0%

Section 5.6 (a) As of January 3, 2005, the date DEQ issued a Certificate to Operate the UOSA Plant at a capacity of 54 mgd, the allocation of capacity became as follows:

	<u>Total Capacity Allocation</u>	<u>Percentage of Total Capacity</u>
Fairfax County	27.5999 mgd	51.1109%
Prince William County	15.7971 mgd	29.2539%
City of Manassas	7.6893 mgd	14.2395%
City of Manassas Park	<u>2.9137 mgd</u>	<u>5.3957%</u>
	54.0000 mgd	100.0000%

(b) At such time as DEQ issues a Certificate to Operate the UOSA Plant at 60

mgd, the allocation of capacity shall be as follows:

	Total Capacity Allocation (mgd)*	Percentage of Total Capacity*
Fairfax County	27.5999	45.9998%
Prince William County	18.7971	31.3285%
City of Manassas	10.6893	17.8155%
City of Manassas Park	2.9137	4.8562%

*Does not include any reallocations or sales of capacity between jurisdictions pursuant to Section 5.4.

Section 5.7. UOSA may, with the consent of the appropriate Political Subdivision and in accordance with rates lawfully established by UOSA, contract with and license any person, corporation or association operating a septic tank cleaning or similar service for the treatment of septage collected in a Political Subdivision. UOSA may also so contract with a Political Subdivision or an Authority which licenses septage haulers for the treatment of septage collected in a Political Subdivision and delivered to the septage Receiving Facility as long as such contract is in accordance with rates lawfully established by UOSA. All such septage shall be counted against the allocated UOSA Plant capacity of the appropriate Political Subdivision.

Notwithstanding any provision in this Agreement to the contrary, UOSA shall allocate the costs of operating the Septage Receiving Facility in proportion to the amount of septage received from each Political Subdivision. All revenues derived from the use of the Septage Receiving Facility paid to UOSA from septage hauls originating in a Political Subdivision shall be deducted from that Political Subdivision's costs.

Section 5.8. UOSA covenants and agrees that it will endeavor to observe all applicable administrative and technical requirements contained in the Occoquan Policy or legally required by any authorized regulatory body. Upon receipt of a notice of violation by any authorized regulatory body, UOSA shall proceed to comply with such rules and regulations within a

reasonable time considering the exigencies of the circumstances.

ARTICLE VI

Rates and Charges

Section 6.1. UOSA shall fix and determine from time to time charges for the use of the UOSA Plant and UOSA Delivery System. Such charges shall be established by UOSA at such levels as may be necessary to provide funds, together with other available funds, sufficient at all time to pay:

- (a) the cost of operation and maintenance of
 - (1) the UOSA Plant, including reasonable reserves for such purposes,and
 - (2) the UOSA Delivery System, including reasonable reserves for such purposes;
- (b) the Cost of Replacements and Necessary Improvements of
 - (1) the UOSA Plant, including reasonable reserves for such purposes,and
 - (2) the UOSA Delivery System, including reasonable reserves for such purposes; and
- (c) the principal of, premium, if any, and interest on the Bonds, the

Cost of the UOSA Plant and UOSA Delivery System not paid with Bond proceeds, or any other monies due under the Trust Agreement, as the same become due, and required reserves therefore on Bonds issued to finance the Cost of

- (1) the UOSA Plant, and

(2) the UOSA Delivery System.

Reserves accumulated by UOSA may be used to the extent permitted by the Trust Agreement to meet the reasonable Cost of Replacements and Necessary Improvements, which do not increase the capacity or scope of the UOSA Plant and UOSA Delivery System. The Political Subdivisions recognize that reserves may not be available at all times, and they may be billed for the Cost of Replacements and Necessary Improvements as needed.

For purposes of Section 6.4(a) - (f), with respect to any Partial Cash Funded Project, the phrase "all charges due or incurred under 6.1(c)" shall be determined pursuant to Section 6.11.

Section 6.2. The total charges determined pursuant to Section 6.1(a) shall be paid by each Political Subdivision in proportion to the ratio, which its annual flow as metered through the Points of Delivery bears to the total annual flow received at the UOSA Plant. Indirect costs of administration and overhead shall be allocated on the same basis as Section 6.1(a) charges.

Section 6.3. Prior to the time DEQ issued a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the total charges determined pursuant to Section 6.1(b) were paid by each Political Subdivision in accordance with the following percentages:

Fairfax County	30.83%
Prince William County	33.03%
City of Manassas	21.19%
City of Manassas Park	14.95%

At such time as DEQ issued or will issue in the future a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the total charges determined pursuant to Section 6.1(b) shall be paid by each Political Subdivision in proportion to the ratio its maximum capacity allocation bears to the total maximum capacity allocation of all Political Subdivisions.

Section 6.4. The total charges determined pursuant to Section 6.1(c) shall be paid by each Political Subdivision in accordance with the following percentages:

(a) For all charges due or incurred under 6.1(c) for the construction and expansion of the UOSA Plant and Delivery System up to 27 mgd:

Fairfax County	30.83%
Prince William County	33.03%
City of Manassas	21.19%
City of Manassas Park	14.95%

(b) For all charges due or incurred under 6.1(c) for expanding the UOSA Plant and Delivery System from 27 mgd to 54 mgd:

	<u>I Plant Expansion</u>	<u>II Delivery System Expansion</u>
Fairfax County	65.5%	51.1109%
Prince William County	26.4%	29.2539%
City of Manassas	3.7%	14.2395%
City of Manassas Park	4.4%	5.3957%

* Identified as Sewerage System Improvements Phases I, II and III in the CH2M HILL Preliminary Engineering Report dated July 1987 (PER), the CH2M HILL "Cub Run Gravity Delivery System Evaluation", dated March 2004, and the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and related Costs.

(c) For all charges due or incurred under 6.1. (c) for expanding the UOSA Flat Branch Delivery System from 54 mgd to 64 mgd:

Prince William County	90%
City of Manassas	10%

The Flat Branch Delivery System costs for expanding from 54 mgd to 64 mgd shall be calculated as 9.3 percent of the total costs for the projects identified in the Hazen and Sawyer engineering analysis, dated July 12, 2005. The remainder, or 90.7 percent, of the total costs identified in that analysis are associated with expanding the Flat Branch Delivery System from 27 mgd to 54 mgd and shall be charged based on the UOSA Delivery System percentage shown in Section 6.4. (b).

(d) For all charges due or incurred under 6.1 (c) for incorporating nutrient reduction facilities and systems into the UOSA Plant authorized by Section 3.3:

Fairfax County	45.5554%
Prince William County	32.9576%
City of Manassas	16.0913%
City of Manassas Park	5.3957%

(e) For all charges due or incurred under 6.1. (c) "Hydraulic Improvements" authorized by Section 3.4:

Fairfax County	28.52%
Prince William County	57.13%
City of Manassas	12.44%
City of Manassas Park	1.91%

Pursuant to the CH2M HILL Technical Memorandum: "Basis for Hydraulic Improvements to the UOSA Regional Water Reclamation Plant", dated July 13, 2006, the Section 3.4. Hydraulic Improvements are based on peak flows of 95 mgd from UOSA's Flat Branch Pump Station and peak flows of 68.5 from pump stations within Fairfax County, for a total peak flow of 163.5 mgd. The Political Subdivisions agree that should additional peak flows necessitate additional hydraulic capacity improvements beyond those identified in the Technical Memorandum, the cost of such additional hydraulic capacity improvements shall be borne by the Political Subdivision(s) which generates the necessity for such additional improvements.

(f) All charges due or incurred under 6.1. (c) for any Cost of Replacements and Necessary Improvements (including repairs and renewals) for which Bonds are issued shall be paid by each Political Subdivision in proportion to the ratio its maximum capacity allocation bears to the total maximum capacity allocation, as set forth in the then current Certificate to Operate, of all the Political Subdivisions.

(g) A Political Subdivision may pre-pay its debt service obligations so long as

such pre-payment does not affect adversely the tax status of any Bonds. UOSA, at its option, may apply all or a portion of any such pre-payment and any earnings therefrom (1) to the subsequent debt service obligations of the pre-paying Political Subdivision as they become due, or (2) to effect a redemption of all or a portion of such Political Subdivision's share of outstanding Bonds. In the event of any such redemption, the pre-paying Political Subdivision's share of debt service obligations (with respect to the Bond issue of which the redeemed Bonds were a part) shall be reduced correspondingly by the amount of the redemption.

(h) Subject to the provisions of the Trust Agreement, residual funds from past or future Bond offerings shall be applied to authorized expansions or Costs of Replacements or Necessary Improvements and shall be credited toward each Political Subdivision's obligation in proportion to the Political Subdivision's obligations in Article VI on the project or projects from which the funds are derived.

(i) For all charges due or incurred under 6.1(c) for the construction and expansion of the UOSA Plant and Delivery System from 54 mgd to 60 mgd:

Fairfax County	0%
Prince William County	50%
City of Manassas	50%
City of Manassas Park	0%

Section 6.5. Should DEQ certify additional capacity in the UOSA Plant after a request from a Political Subdivision or Political Subdivisions upon approval by UOSA, the total charges for Section 6.1(c) shall be adjusted as outlined in Section 5.2. The charges determined pursuant to Section 6.1(c) for any additional UOSA Plant capacity added in the future shall be paid in accordance with the maximum capacity allocation specified by the amendment to this Agreement which authorize such additions, or as otherwise provided in such amendments.

Section 6.6. The charges pursuant to Section 6.1(c) to be paid by a Political Subdivision

shall be increased for each month the actual quantity of sewage from such Political Subdivision, as determined by the highest average of any 30 consecutive day flow ending during the calendar month, exceeds its UOSA Plant capacity allocation (or reallocation pursuant to Section 5.4 or Section 6.5). In such an event, a Political Subdivision shall pay additional charges ("Additional Charges") pursuant to Section 6.1(c) as if the UOSA Plant capacity had been available and allocated, provided that such Additional Charges shall not purchase any additional rights for the use of the UOSA Plant by such Political Subdivision and in no way condones such excess flows. These Additional Charges shall be applied to the reimbursement, on a pro rata basis, to such other Political Subdivisions to the extent their highest average of any 30 consecutive day flow ending during that calendar month was less than their allocated capacity . To the extent the Additional Charges exceed such reimbursement, they shall be deposited in an escrow account to be used for the purposes of defraying the Cost of expansion, capital improvements or studies of future expansions of the UOSA Plant and UOSA Delivery System. Any reimbursements under this section shall not alter the Political Subdivision's obligation to pay its share of the charges required by Section 6.1. (c).

Section 6.7. No Political Subdivision shall discharge sewage to UOSA which exceeds its allocated share (or reallocated share pursuant to Section 5.4 or Section 6.5) by weight or concentration of the total design capacity of the UOSA Plant or cause UOSA to exceed any lawful limitations imposed upon its discharge. A Political Subdivision's allocated share of the total designed UOSA Plant loadings shall be the same percentage as its allocated percentage of total UOSA Plant design flow (mgd). At such time as any Political Subdivision is advised by UOSA that during each month of any three consecutive month period, that Political Subdivision's 30 day rolling average pollutant load discharged exceeded its allocated share of

total designed UOSA Plant loadings, such Political Subdivision shall proceed to take such measures as may be necessary to bring its discharges into compliance and shall temporarily terminate the issuance of permits which would result in any increase in the excessive loading in that portion of the UOSA Service Area in the Political Subdivision until the exceeding Political Subdivision's allocated share of total UOSA Plant loadings is increased by reason of reallocation or it has been advised by UOSA that it may deliver additional sewage to UOSA and such advice has not been revoked. During the period of noncompliance, UOSA may assess the Political Subdivision costs for the treatment of the excess loading. All monitoring costs during the noncomplying period shall be borne by the noncomplying Political Subdivision.

Section 6.8. UOSA may present charges (including charges with respect to Auxiliary Facilities) based on budget estimates, subject to adjustment on the basis of an independent audit at the end of each fiscal year. All charges of UOSA shall be payable upon presentation. In the event any Political Subdivision shall fail to make payment in full within 30 days after presentation, interest on such unpaid amounts shall accrue at the highest rate of interest payable by UOSA on any of the Bonds then outstanding until such amounts and interest thereon have been paid in full. UOSA may enforce payment by any remedy available at law or in equity.

Section 6.9. UOSA shall provide Meters where necessary to determine and record on a continuing basis the quantities of sewage delivered by each Political Subdivision. Meters shall be tested by UOSA for accuracy not less than once every two years. At the request of any Political Subdivision, UOSA shall test any Meter for accuracy at any time; provided, however, that should such Meter prove to be accurate within a range of plus or minus 2%, the cost of the Meter test shall be borne by the requesting Political Subdivision. In the event any Meter shall fail to record correctly the flow of sewage for any period of time, UOSA shall estimate the amount of flow on

the basis of prior experience.

Section 6.10. Notwithstanding anything in this Agreement to the contrary:

(a) Industrial Wastewater delivered to and treated at an Auxiliary Facility shall not be considered as flows to the UOSA Plant for the determination of allocated capacity in the UOSA Plant or as annual flows received at the UOSA Plant for the determination of rates and charges under Section 6.2; and

(b) All Auxiliary Facility Expenses, which are the full responsibility of the Political Subdivision(s) proposing and sponsoring such Auxiliary Facility, shall be budgeted, presented and collected by UOSA from the sponsoring Political Subdivision separate from and in addition to the other charges established by this Article VI.

Section 6.11. Political Subdivisions which funded cash deposits for a Partial Cash Funded Project, to the extent such deposits were in lieu of their responsibility for the borrowing, shall not be charged for payment of principal of, premium, if any, and interest on the Bonds for such Partial Cash Funded Project provided such requesting Political Subdivisions shall be responsible in accordance with Section 6.4(a) - (f) (with the specified percentage or other allocation therein determined as if the one or more financed facilities or portions thereof was not a Partial Cash Funded Project) and charged for the related Cost of the UOSA Plant and UOSA Delivery System not paid with Bond or financing proceeds, and other monies due under the Trust Agreement, as the same become due. It is acknowledged by the parties hereto that such deposit shall not reduce or otherwise affect the obligation of the Political Subdivisions under Section 6.1(c) to make payments for any deficiencies in any required reserves for such project or on such Bonds or bonds refunding such Bonds as if the one or more financed facilities or portions thereof was not a Partial Cash Funded Project.

The existence of a Partial Cash Funded Project shall not affect the responsibility of any Political Subdivision under any provision of this Agreement other than Section 6.4 and then only as it relates to a Partial Cash Funded Project. If Bonds which funded a Partial Cash Funded Project are subsequently refunded, the responsibility for the payment of principal of, premium, if any, and interest on the refunding Bonds shall be proportionately the same as for the Bonds for the project, with the responsibility for any deficiencies in the reserves after the initial deposit being allocated in the same percentages as for the refunded Bonds including as to the depositing Political Subdivisions.

Section 6.12. In connection with the issuance of publicly offered Bonds, unless a member Political Subdivision determines that the obligations under any continuing disclosure agreement to be executed therefor are materially different, either in the actions required or the types of information to be disclosed, from the obligations under agreements executed in connection with prior UOSA Bonds, then such agreements, at the option of the member Political Subdivision, may be executed on behalf of a Political Subdivision by responsible officers thereof without a specific vote of the governing body thereof.

ARTICLE VII

Miscellaneous

Section 7.1. This Agreement restates and amends the prior Service Agreement.

Section 7.2. It is recognized by the parties hereto that this Agreement constitutes an essential part of UOSA's financing plan and that this Agreement cannot be amended, modified, or otherwise altered in any manner that will impair or adversely affect the security afforded hereby for the payment of the principal of, premium, if any, and interest on the Bonds, except as

provided in the Trust Agreement. The obligations of the Political Subdivisions hereunder or the issuance of the Bonds shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth or of any Political Subdivision thereof. The Bonds shall contain a statement on their face substantially to the effect that neither the faith and credit of the Commonwealth nor the faith and credit of any county, city or town of the Commonwealth are pledged to the payment of the principal of or the interest on such Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Commonwealth or any county, city or town of the Commonwealth to levy any taxes whatever therefor or to make any appropriations for their payment.

Section 7.3. This Agreement can be modified or amended only with the consent of UOSA, the Political Subdivisions and the Trustee.

Section 7.4. UOSA shall keep proper books and records in accordance with accepted accounting practices which shall be available for inspection at all reasonable times by the Political Subdivisions through their duly authorized agents. UOSA shall cause an annual audit of its books and records to be made by an independent certified public accountant at the end of each fiscal year and a certified copy thereof to be filed promptly with the governing body of each of the Political Subdivisions.

Section 7.5. The provision of sewer service to the screened area shown on the plat, dated April, 1981, attached hereto as Exhibit B and made a part hereof, by an entity other than UOSA shall not be considered a violation of this Agreement, such area being more particularly described as follows:

Beginning at the southeast corner of the property located on Fairfax County Tax Map 68-1 ((1)) parcel 13, then running along the western right-of-way of Route 123 in a northerly direction approximately 1,900 feet to the centerline of Route 620-Braddock Road, then continuing along the western

right-of-way line of Route 123 in a northeasterly direction approximately 2,600 feet to the northeast corner of property located at tax map No. 57-3 ((1)) parcel 7A; then following from said corner for approximately 1,400 feet in a northwesterly direction, then 600 feet in a southwesterly direction and 550 feet in a northerly direction to a corner common to George Mason University [tax map 57-3 ((1)) parcel 7A] and Richlynn Development, Inc. (University Square Subdivision) then along the George Mason University property line as follows: for approximately 1,900 feet in a northwesterly direction, approximately 2,750 feet in a southwesterly direction to the northern right-of-way line of Route 620-Braddock Road, then along said right-of-way line in a southeasterly direction for approximately 1,400 feet to the East Fork of Popes Head Creek; then across Braddock Road in a southeasterly direction along the property line of Hazel [tax map No. 68-1 ((1)) parcel 16] for approximately 2,000 feet; then in a southeasterly direction along the properties of Hazel and others for approximately 2,100 feet to the point of beginning, containing approximately 360 acres.

At such time as the UOSA Delivery System is extended to serve the above-described area, such area shall be served by UOSA.

Section 7.6. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors.

Section 7.7. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision hereof.

Section 7.8. This Agreement shall be executed in several counterparts, any of which shall be regarded for all purposes as one original.

Section 7.9. This Agreement shall become effective upon the last date of the parties executing this Agreement, as set forth here below.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be restated, amended and executed, and their seals to be affixed and attested by their duly authorized officers, all as of the date appearing next to their signatures.

UPPER OCCOQUAN SEWAGE AUTHORITY

Date: _____

BY: _____

(SEAL)
ATTEST:

CITY OF MANASSAS

City Clerk

BY: _____
Mayor

Date: _____

(SEAL)
ATTEST:

CITY OF MANASSAS PARK

City Clerk

BY: _____
Mayor

Date: _____

(SEAL)
ATTEST:

BOARD OF SUPERVISORS OF
FAIRFAX COUNTY, VIRGINIA

Clerk

BY: _____
Chairman

Date: _____

(SEAL)
ATTEST:

BOARD OF COUNTY SUPERVISORS OF
PRINCE WILLIAM COUNTY, VIRGINIA

Clerk

BY: _____
Chairman

Date: _____

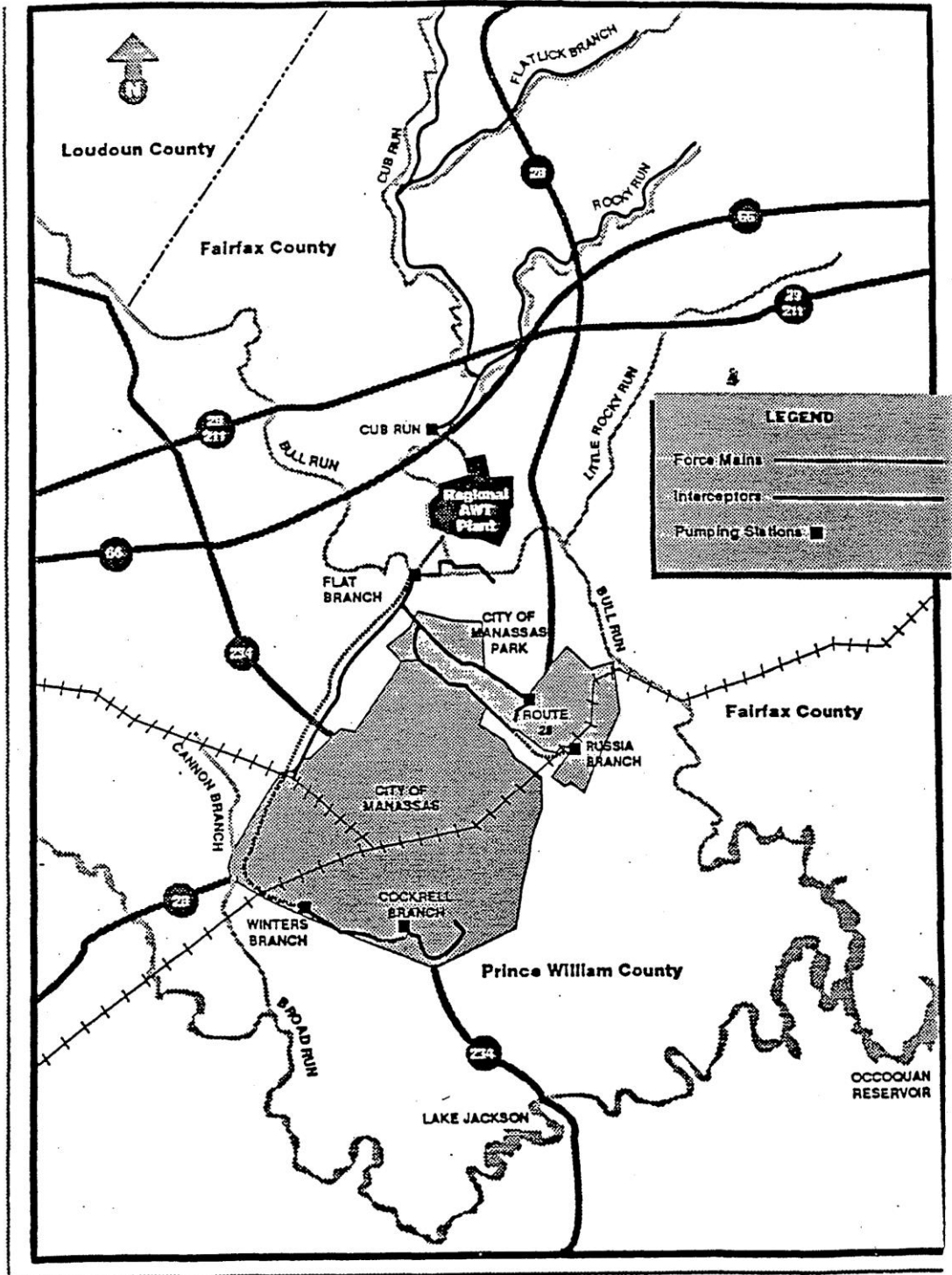
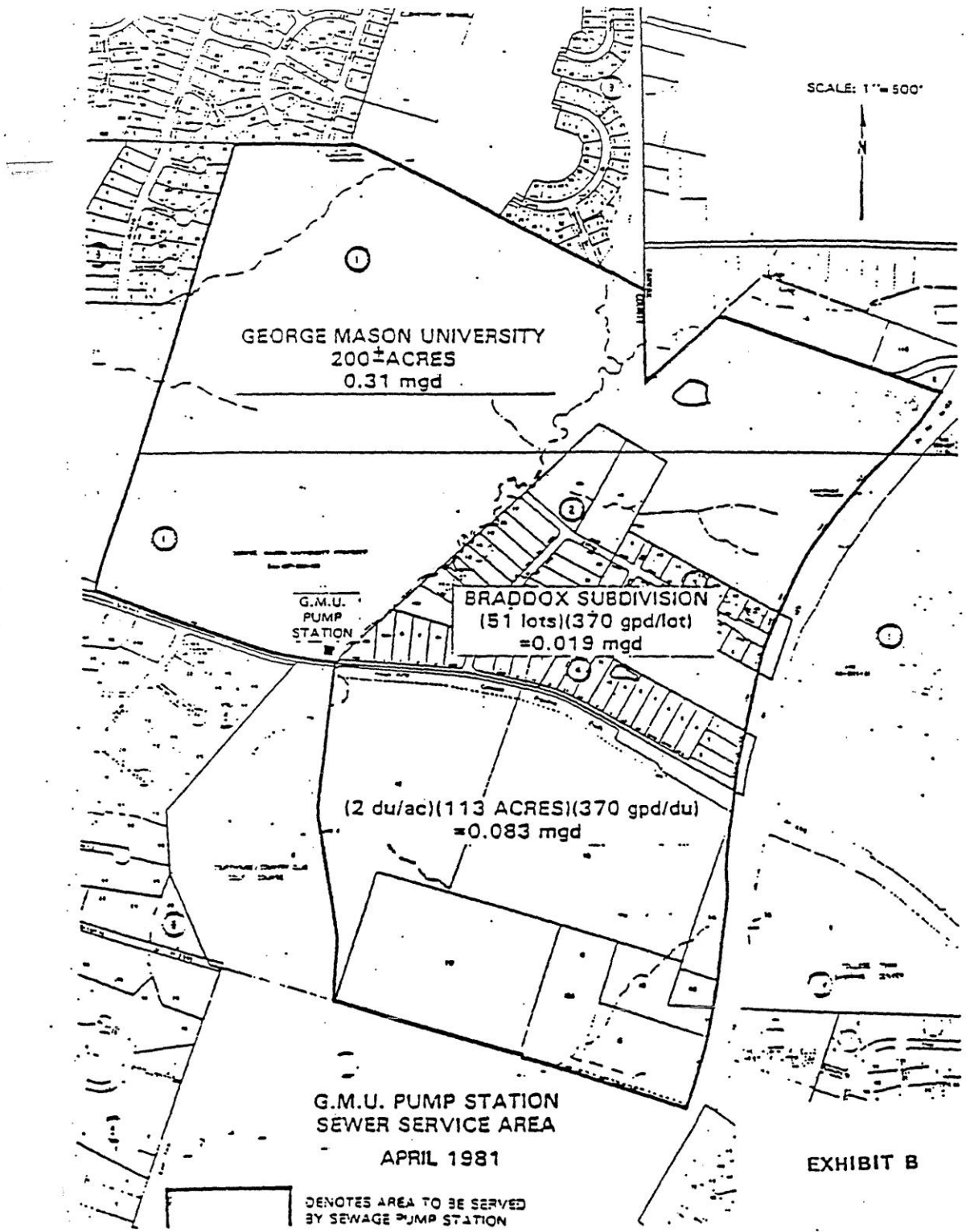


EXHIBIT A

General Location Map
UOSA Delivery System



G.M.U. PUMP STATION
SEWER SERVICE AREA
APRIL 1981

EXHIBIT B

□ DENOTES AREA TO BE SERVED
BY SEWAGE PUMP STATION

2022 RESTATED AND AMENDED SERVICE AGREEMENT

THIS AGREEMENT, made as of the 15th day of May, 1972, and restated and amended herein, by and between the UPPER OCCOQUAN SEWAGE AUTHORITY (UOSA), a public body politic and corporate duly created pursuant to the Virginia Water and Waste Authorities Act, and the CITY OF MANASSAS and the CITY OF MANASSAS PARK, municipal corporations of the Commonwealth of Virginia, and the BOARD OF SUPERVISORS OF FAIRFAX COUNTY and the BOARD OF COUNTY SUPERVISORS OF PRINCE WILLIAM COUNTY, acting for and on behalf of said counties and the sanitary districts thereof, which are located in whole or in part within the Service Area (hereinafter defined) (such four parties being called collectively the Political Subdivisions and individually a Political Subdivision), provides that:

WHEREAS, the parties entered into a Service Agreement dated as of the 15th day of May, 1972 (the Service Agreement), providing for the treatment of sewage at a regional sewage treatment plant; and

WHEREAS, the Service Agreement has been amended and restated from time to time; and

WHEREAS, the parties desire to restate and amend their Service Agreement and to change the same; ~~as follows~~

NOW THEREFORE, the Service Agreement is hereby restated and amended as follows:

ARTICLE I

Definitions and Warranties

Section 1.1. The following words as used in this Agreement shall have the following

meanings:

"Act" shall mean the Virginia Water and Waste Authorities Act (§15.2-5100, et seq., Code of Virginia of 1950, as amended, and as it may be amended from time to time).

"Authority" shall refer to any entity other than UOSA formed in accordance with the Act.

"Auxiliary Facility" shall mean any sewage treatment facility other than the UOSA Plant and the UOSA Delivery System, which is 1) limited to the treatment and/or disposal of Industrial Wastewater, 2) sponsored by a Political Subdivision, and 3) to remain at all times under the exclusive operation and control of UOSA.

"Auxiliary Facility Agreement" shall mean a written contract between UOSA and a sponsoring Political Subdivision(s) with respect to an Auxiliary Facility as set forth herein.

"Auxiliary Facility Expense" shall mean all expenses, obligations, damages, costs of whatever nature, including charges by UOSA for indirect costs of administration and overhead, whether directly or indirectly relating to an Auxiliary Facility, its construction, operation, maintenance, de-mobilization and consequential cost, expenses, and damages.

"Bonds" wherever used, shall include notes, bonds, bond anticipation notes or other debt obligations of UOSA whether now outstanding or to be issued in the future.

"Cost" when used with respect to the UOSA Plant and the UOSA Delivery System, shall mean the purchase price of any sewage treatment system or the cost of acquiring all of the capital stock of the corporation owning such system and the amount to be paid to discharge all of its obligations in order to vest title to the system or any part thereof in UOSA, the Cost of Replacements and Necessary Improvements, the cost of all lands, properties, rights, easements, franchises and permits acquired, the cost of all machinery and equipment, financing charges,

interest prior to and during construction and for one year after completion of construction, any deposit to any Bond interest and sinking fund reserve account, cost of engineering and legal services, plans, specifications, surveys, estimates of costs and of revenues, other expenses necessary or incident to the determining of the feasibility or practicability of any such acquisition, improvements, or construction, administrative expenses, and such other expenses as may be necessary or incident to the financing herein authorized, to the acquisition, improvements, construction or expansion of the UOSA Plant and the UOSA Delivery System. Any obligation or expense incurred by UOSA in connection with any of the foregoing items of cost and any obligation or expense incurred by UOSA prior to the issuance of Bonds by UOSA for engineering studies and for estimates of cost and of revenues and for other technical or professional services which may be utilized in the acquisition, improvement or construction or expansion of such system, may be regarded as a part of the cost of such system.

"Cost of Replacements and Necessary Improvements" when used with respect to the UOSA Plant and the UOSA Delivery System, shall mean the cost of acquiring, installing or constructing replacements and necessary improvements which do not increase the capacity or scope of the UOSA Plant and the UOSA Delivery System, and shall embrace the cost of all labor and materials, the cost of all lands, property, rights, easements, franchises and permits acquired which are deemed necessary for such acquisition, installation or construction, interest during any period of disuse during such acquisition, installation or construction, the cost of all machinery and equipment, financial charges, cost of engineering and legal expenses, plans, specifications, and such other expenses as may be necessary or incident to such acquisition, installation or construction.

"DEQ" shall mean the Virginia Department of Environmental Quality and/or the State

Water Control Board or any other agency or agencies of the Commonwealth of Virginia or the United States, which may succeed to their duties.

"Industrial Wastewater" shall mean any water which, during manufacturing, processing or assembling operations, comes into direct contact with or results directly from the processes of production or use of any raw material, intermediate product or finished product. As used herein, the word sewage shall include Industrial Wastewater.

"Meters" shall mean any device for measuring the flow of sewage.

"mgd" shall mean million gallons per day based on the highest average of any 30 consecutive day flow.

"Occoquan Policy" shall mean the DEQ State Water Control Board's Policy for Waste Treatment and Water Quality Management in the Occoquan Watershed, dated July 26, 1971, as the same has been or may be revised from time to time.

"Partial Cash Funded Project" shall mean one or more facilities or portions thereof (including replacements or improvements) which is described in and qualified under Sections 4.11 and 4.12 herein.

"Points of Delivery" shall mean the location of the connections made by Political Subdivisions at any point along the UOSA Delivery System for the delivery of sewage to UOSA. Connections may be added or changed to other locations along the UOSA Delivery System only by agreement between UOSA and the Political Subdivisions making such connection.

"Political Subdivisions" shall mean the Cities of Manassas and Manassas Park, as municipal corporations of the Commonwealth of Virginia, and the Counties of Fairfax and Prince William, as counties of the Commonwealth, as they now or may be hereafter constituted.

"Project" shall mean UOSA's advanced waste treatment system, consisting of the

UOSA Delivery System, the UOSA Plant, and Auxiliary Facilities approved and undertaken at the discretion of UOSA pursuant to the terms of this Agreement, including any replacements, modifications, improvements or authorized expansions.

"Reserves" shall mean (unless modified with the approval of all Political Subdivisions) all amounts held by UOSA as reserves which shall not exceed (1) an amount equal to the next year's estimated expenditures for operation and maintenance; (2) depreciation in a minimum amount required by law and the Trust Agreement; (3) funds necessary to pay principal (whether at maturity or by required sinking fund payment), premium, if any, and interest on the Bonds as they become due and payable; and (4) a margin of safety for making debt service payments not to exceed the highest year's payments for principal (whether at maturity or by required sinking fund payment), premium, if any, and interest on the Bonds.

"Septage Receiving Facility" shall mean that portion of the UOSA Plant, which accepts septage for treatment.

"Service Area" shall mean that portion of the watershed of Occoquan Creek and its tributaries lying above the confluence of Occoquan Creek and Bull Run, save and except the Cedar Run Watershed and that portion of the Occoquan Creek Watershed in Prince William County lying generally to the south of the centerline of Occoquan Creek, and being within the geographic boundaries of the Political Subdivisions. These geographic boundaries of the Service Area shall be determined more exactly from time to time by UOSA.

"Trust Agreement" shall mean, collectively, any resolution, trust agreement or indenture authorizing and securing Bonds to which UOSA is a party.

"Trustee" shall mean the trustee designated in any Trust Agreement.

"UOSA" shall mean the Upper Occoquan Sewage Authority, a public body politic and

corporate duly created pursuant to the Act by the Councils of the Cities (then Towns) of Manassas and Manassas Park and the Boards of Supervisors of Fairfax and Prince William Counties and by a certificate of Incorporation issued by the State Corporation Commission of Virginia on April 1, 1971.

"UOSA Delivery System" shall mean the regional delivery system of trunk or interceptor sewers now existing or to be expanded, constructed or modified, owned and/or operated by UOSA, including power supplies, pumping facilities, force mains, flow measurement devices and retention basins, to transport sewage from Points of Delivery to the UOSA Plant, all as shown on Exhibit A attached hereto.

"UOSA Plant" shall mean the advanced waste treatment plant now existing and as it may be expanded, constructed, or modified, owned and operated by UOSA, including administration buildings, plant offices, laboratory building, retention and ballast basins, power supplies and necessary appurtenances and equipment, for the treatment of sewage and the utilization and/or disposal of residuals and by-products in conformance with requirements of the Occoquan Policy and DEQ.

"VPDES Permit" shall mean the Virginia Pollution Discharge Elimination System permit or any permit of a different name which may hereafter authorize what is now permitted by a VPDES permit.

Section 1.2. UOSA and the Political Subdivisions each represent and warrant that they have full power and authority to enter into and perform this Agreement.

ARTICLE II

Term of Agreement

Section 2.1. This Agreement shall remain in full force and effect until December 31, 2049, and thereafter as may be provided by concurrent resolution of the member Political Subdivisions, which are then parties thereto. This Agreement may not be terminated by or as to any party until December 31, 2012 and thereafter until all Bonds have been paid or provision made for their payment.

Section 2.2. Subject to the limitation of Section 2.1, and the fulfillment of all conditions therein, any party to this Agreement may withdraw from UOSA and terminate all of its obligations under this Agreement. No sponsoring Political Subdivision of an Auxiliary Facility may withdraw from UOSA so long as the Auxiliary Facility Agreement is in effect. No such termination shall become effective until three years after written notice thereof shall have been given to each of the other parties hereto. Withdrawal and termination by one Political Subdivision shall not terminate this Agreement as to any other Political Subdivision.

ARTICLE III

Financing, Construction and Operation of Facilities

Section 3.1. UOSA is authorized and directed to proceed with the expansion of the capacity of the UOSA Plant to 54 mgd and sewerage system improvements identified as Phases I, II, and III of the CH2M HILL Preliminary Engineering Report, dated July 1987 (PER) that are part of the UOSA Delivery System, the CH2M HILL "Cub Run Gravity Delivery System Evaluation", dated March 2004, and the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and such other improvements as are necessary or beneficial to expand the UOSA Plant and Delivery System to 54 mgd.

Section 3.2. UOSA is authorized and directed to proceed with the expansion of the

UOSA Flat Branch Delivery System from 54 mgd to 64 mgd as identified in the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and such other improvements as are necessary to make related improvements to the UOSA Delivery System.

Section 3.3. UOSA is authorized and directed to proceed with the construction, alterations and improvements required by DEQ to install nutrient reduction facilities and systems in the UOSA Plant and such other improvements as are necessary or beneficial to ensure compliance with DEQ regulations.

Section 3.4 UOSA is authorized and directed to proceed with the construction, alterations and improvements referred to as "hydraulic improvements", which are only those improvements that are specifically identified in the CH2M HILL Technical Memorandum: "Basis for Hydraulic Improvements to the UOSA Regional Water Reclamation Plant", dated July 13, 2006, and such beneficial changes as are necessary to carry out the project identified therein and comply with regulatory requirements.

Section 3.5. UOSA has acquired approximately 210 acres of additional land in anticipation of its future needs. Such acquisition cost and/or debt shall be charged to the Political Subdivisions as may be necessary as an item specified in Section 6.1(c).

Section 3.6. UOSA shall direct the Trustee to deposit any balance of construction funds remaining from any issue of Bonds after completion of the improvements for which such Bonds were issued in a separate account pursuant to the Trust Agreement. Such funds shall be used and credited by UOSA as set forth in Section 6.4 (h).

Section 3.7. A Political Subdivision shall have the right to approve additional locations and capacity of sewer lines forming a part of the UOSA Delivery System, which are located within its boundaries and are not authorized by the expansion referenced in Section 3.1. UOSA

shall not construct additional lines within a Political Subdivision without prior authorization of that Political Subdivision.

Section 3.8. UOSA shall expand (as herein authorized), operate and maintain the UOSA Plant and the UOSA Delivery System in an efficient and economical manner, making all necessary and proper repairs, improvements, replacements and renewals, consistent with good business and operating practices for comparable facilities and in accordance with applicable standards of DEQ and the Occoquan Policy.

[Section 3.9. UOSA is authorized and directed to proceed with the expansion of the UOSA Plant and Delivery System to 60 mgd as identified in the October 2020 Master Plan to Address Increasing Flows and Loads at the Millard H. Robbins, Jr. Water Reclamation Plant prepared by Jacobs, and such other improvements as are necessary or beneficial to expand the UOSA Plant and Delivery System to 60 mgd.](#)

ARTICLE IV

Obligations of Political Subdivisions

Section 4.1. The Political Subdivisions shall deliver to UOSA at Points of Delivery all sewage collected by them in the Service Area and, except as expressly permitted by this Agreement, shall not permit or provide for the treatment of sewage collected by them in the Service Area in any other manner. The Political Subdivisions shall be responsible for delivering sewage collected by them in the Service Area to UOSA at Points of Delivery and for financing, construction, operation and maintenance of all facilities for the collection and delivery of sewage to Points of Delivery.

Section 4.2. The Political Subdivisions recognize that the capacity of the UOSA Plant

will be regulated by DEQ and that allocations of UOSA Plant capacity will have to be made to avoid overloading. Each of the Political Subdivisions covenants and agrees not to exceed its UOSA Plant capacity as allocated from time to time. Each Political Subdivision has the primary responsibility for the necessary actions to insure that its wastewater flows to the UOSA Plant remain within such Political Subdivision's allocated share of DEQ certified flow capacity for the UOSA Plant.

Section 4.3. At such time as any Political Subdivision is advised by UOSA that for each month during its average flow for any three consecutive thirty-day month period, during the past 48 months has reached that Political Subdivision's 30 day rolling average flow exceeded 95% of its allocated capacity in the UOSA Plant, such Political Subdivision shall temporarily terminate the issuance of permits which allow- start of construction on projects in that portion of the UOSA Service Area in the Political Subdivision until the exceeding Political Subdivision's UOSA Plant capacity is increased by reason of reallocation, arrangements are made for sewage from the Service Area in excess of its allocation to be treated outside the Occoquan Watershed, or it ~~is~~ has been advised by UOSA that it may deliver additional sewage to UOSA and such advice has not been revoked.

Section 4.4. Each of the Political Subdivisions covenants and agrees to pay promptly, when due, charges of UOSA as determined pursuant to Article VI and billed to it from time to time; provided, however, that all such charges shall be payable solely from revenues received by each Political Subdivision (or transferee or Authority or other legal entity created thereby as described in Section 4.8) from the charges to be paid by the users of its sewerage system and available to it for such purposes including availability fees, connection fees, service fees or any other fees, and other system revenues.

Section 4.5. Each of the Political Subdivisions covenants and agrees to fix and collect (or cause to be fixed and collected) from the users of its sewerage system charges sufficient to make the payments required of it under this Agreement. UOSA will provide each Political Subdivision with information as to the minimum charge necessary for such Political Subdivision's required payments.

Section 4.6. Each of the Political Subdivisions will endeavor to observe all applicable administrative and technical requirements contained in the Occoquan Policy or legally required by any authorized regulatory body, including UOSA. Upon receipt of a notice of violation by an authorized regulatory body, the Political Subdivision shall proceed to comply with such rules or regulations within a reasonable time considering the exigencies of the circumstances.

Section 4.7. Each of the Political Subdivisions covenants and agrees (subject to provisions of its charter, if applicable) that it will not enter into any contract providing for sewage treatment with any party having sewage flows originating within the geographic boundaries of other Political Subdivisions that are members of UOSA without the prior approval of such other Political Subdivision; provided, however, that such right of approval shall not be construed to limit the power of DEQ to fulfill its function under the law.

Section 4.8. (a) Each Political Subdivision agrees not to sell, transfer or dispose of its sewerage system unless:

(i) Such transfer is to another governmental unit within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended;

(ii) The transferee agrees to comply with the terms of this Agreement to the extent applicable to sewage delivered to UOSA;

(iii) The transferee agrees to fix and collect rates and charges sufficient to satisfy the obligation of the transferring Political Subdivision under Section 4.5;

(iv) The transferee agrees to make the payments to UOSA required to be made by the transferring Political Subdivision to the extent such payments are not made by the Political Subdivision; and

(v) The sale, transfer or disposition is approved by UOSA.

Notwithstanding the foregoing, no such sale, transfer or disposition will release the transferring Political Subdivision from any obligation or liability under this Agreement or affect any agreement or understanding between the Political Subdivision and the transferee.

(b) In the event that a Political Subdivision creates or has created an Authority or other legal entity to act as its agent, for the purposes of collecting sewage in the Service Area and/or for billing and collecting fees or charges to be paid by the users of a sewerage system located in the Service Area, such Political Subdivision shall not be relieved of its obligations under this Agreement. Such Political Subdivision shall require any Authority or other legal entity it creates to comply fully with this Agreement with respect to all sewage collected within the Service Area and shall nonetheless remain responsible for any noncompliance. The Political Subdivision shall cause such Authority or other entity to covenant and agree to fix and/or collect from the users of its sewerage system charges sufficient to make the payments required under this Agreement. A Political Subdivision which creates or has created such an entity shall ensure that UOSA has the same rights as that Political Subdivision to enforce the setting and collecting of rates and the payment of charges to UOSA. To the extent that any such Authority or other legal entity agrees to charge, collect and pay all or any part of Political Subdivision's obligations to UOSA, such agreement shall supplement and not be in lieu

of the Political Subdivision's covenant and agreement to charge, collect and pay UOSA as provided in this Agreement.

Section 4.9. All parties hereto and any Authority or other entity described in Section 4.8.(b) will pursue diligently the abatement of inflow and infiltration.

Section 4.10. (a) Notwithstanding anything to the contrary in this Agreement, UOSA may contract with a Political Subdivision(s) to undertake the operation and (with the agreement of UOSA and the sponsoring Political Subdivision(s)) ownership of an Auxiliary Facility sponsored by that Political Subdivision(s) pursuant to an Auxiliary Facility Agreement, when authorized and approved by unanimous consent of the UOSA Board, with all eight members present and voting, in its sole discretion after having confirmed by resolution that:

(i) UOSA has determined that such alternative disposal of Industrial Wastewater to the Auxiliary Facility shall not violate the Occoquan Policy; and

(ii) the Auxiliary Facility shall not be detrimental to UOSA, the water supply, the Project or the operation thereof.

(b) Notwithstanding any other provision of this Agreement, all Auxiliary Facility Expenses shall be the sole and full responsibility of the Political Subdivision(s) proposing and sponsoring such Auxiliary Facility. Any payment UOSA is required to make as a consequence of its undertaking, ownership or operation of the Auxiliary Facility shall be conclusively deemed an expense chargeable to the sponsoring Political Subdivision(s) only and no other Political Subdivisions shall be responsible or required to reimburse UOSA for any expenses, obligations, damages, costs or liabilities whatsoever that are directly or indirectly associated with such Auxiliary Facility.

(c) In addition to such other terms as the Board may decide upon,

the Auxiliary Facility Agreement shall include, and if not there set out shall be deemed to include, the following provisions:

(i) that any required VPDES permits shall be issued to UOSA and UOSA shall have all necessary authority to ensure compliance with such permits, relevant laws and regulations and the efficient operation and control of such Auxiliary Facility;

(ii) that the Political Subdivision(s) which sponsor(s) an Auxiliary Facility shall have the sole and full responsibility for all Auxiliary Facility Expenses, and neither UOSA shall be caused a diminution of revenue, nor the other Political Subdivisions be burdened with any Auxiliary Facility Expenses;

(iii) that the Political Subdivision(s) which sponsors(s) such Auxiliary Facility shall, to the full extent permitted by law, provide indemnification to, and hold harmless, UOSA and the other Political Subdivisions for all such expenses, obligations, damages, costs and liabilities, including attorney fees, court costs and litigation expenses in any way associated with claims or causes of actions arising out of the Auxiliary Facility or the enforcement of the hold harmless obligation and the right to indemnification;

(iv) that UOSA, in addition to all other rights by law or contract, shall have the right to terminate the operations of the Auxiliary Facility, upon reasonable notice to the sponsoring Political Subdivision, if any of the requirements of this Agreement or the Auxiliary Facility Agreement are breached by the sponsoring Political Subdivision;

(v) that the Political Subdivision(s) which sponsor(s) an Auxiliary Facility shall be responsible for financing, construction, operation and maintenance of all facilities for the collection and delivery of Industrial Wastewater to that Auxiliary Facility and for the conveyance of the treated effluent to the VPDES permit approved point of discharge.

(d) Any Political Subdivision, whether or not a party to an Auxiliary Facility Agreement, may sue to enforce the terms of such Auxiliary Facility Agreement. The party substantially prevailing in such litigation shall be awarded its reasonable attorneys fees and costs incurred with respect to the issues upon which it prevailed.

(e) Any Authority created by a Political Subdivision may be a party to any Auxiliary Facility Agreement to which the Political Subdivision is a party, with such rights, duties and obligations as the parties shall agree. In no event shall such an Auxiliary Facility Agreement be assignable without the written consent of UOSA and such assignment shall be only to another Political Subdivision.

(f) Delivery of Industrial Wastewater by a Political Subdivision to an Auxiliary Facility pursuant to this Section shall be deemed delivery to UOSA as required in Section 4.1 herein.

Section 4.11. If one or more of the Political Subdivisions wants to be permitted to deposit cash to fund all or a portion of that Political Subdivision's costs of one or more projects or a designated portion of an identified UOSA program to be funded by Bonds (or other financing) authorized by this Agreement, then for purposes of this Agreement, such project or projects or portion of a program shall be deemed to be a Partial Cash Funded Project if the additional conditions set forth in this Section and Section 4.12 are met. A

request for a Partial Cash Funded Project shall be made in writing at least 90 days prior to the issuance of such Bonds (or other financing) authorized by this Agreement and shall include:

(a) The portion or amount of the desired deposit; and

(b) An acknowledgement that such Political Subdivision shall continue to be obligated under the provisions of Section 6.1(c) to make payments to UOSA to restore the balance in any debt service reserve with respect to the Bonds for such project, even if the entire respective portion of the costs of such project has been deposited by the Political Subdivision and it therefor has no responsibility for regular payments for principal, premium, if any, or interest on such Bonds.

All monies relating to the same project, whether cash or financed funds, shall be maintained and administered in one fund. Any excess monies at the conclusion of the project shall be used for future project costs as may be permitted by the Bond (or other financing) documents in accordance with each member Political Subdivision's allocation of the costs of such project or projects or program.

Section 4.12. Before issuance of the Bonds (or other financing) for the Partial Cash Funded Project shall occur, the following three criteria must be met:

(a) a unanimous vote by the UOSA Board to allow a project to be a Partial Cash Funded Project;

(b) evidence satisfactory to it that the ratings on the Bonds for the Partial Cash Funded Project will be at least as high as the ratings on outstanding (but not defeased) Bonds of UOSA with which the Bonds to be issued will be secured in parity, unless the reduced rating can be attributed wholly to matters not associated with the financing qualifying as a Partial Cash Funded Project; and

(c) from the Political Subdivision or Subdivisions making the request under Section 4.11, the deposit with the trustee for the Bonds financing the Partial Cash Funded Project of cash in an amount equal to the portion of the cost of the Partial Cash Funded Project (not including Bond issuance expenses or initial reserve deposits) identified by the Political Subdivision or Subdivisions as the portion for which it intends to provide cash in lieu of a borrowing. Such Deposit shall include that Political Subdivision's share of the project costs to be financed, as well as that Political Subdivision's proportionate share of the fixed costs of borrowing (such as bond rating agency and financial advisor costs, etc.), but shall not include the variable costs of the borrowing which are calculated as a percentage of the borrowing (underwriting fees and initial reserve deposit). The proportionate share of the fixed costs of borrowing is based on the allocation of project costs (as set forth in Section 6.4) compared to the allocation of total project costs being funded. Project cost allocations and the proportionate share of fixed costs for a project to increase UOSA plant capacity beyond 54 mgd would have to be defined through a future Service Agreement Amendment.

ARTICLE V

Obligations of UOSA

Section 5.1. Subject to the provisions of this Agreement, UOSA shall accept and treat all sewage delivered by the Political Subdivisions at Points of Delivery up to their respective allocated (or reallocated per Section 5.4) UOSA Plant capacities. UOSA shall also accept and treat septage delivered to the Septage Receiving Facility in accordance with Section 5.7. UOSA shall be under no obligation to treat sewage at the UOSA Plant delivered by any Political Subdivision in excess of its allocated (or reallocated per Section 5.4) UOSA Plant capacity.

Subject to the other provisions of this Agreement, UOSA shall accept and treat Industrial Wastewater at any Auxiliary Facility in accordance with the terms of the respective Auxiliary Facility Agreement.

Section 5.2. UOSA shall not request DEQ certification for any additional UOSA Plant capacity for a specific Political Subdivision unless so requested by the governing body of such Political Subdivision. Any increase in certified UOSA Plant capacity shall be subject to UOSA and the Political Subdivisions meeting all applicable requirements of the Occoquan Policy. Any increase in certified UOSA Plant capacity shall be allocated to and paid for by Political Subdivisions requesting such increases in certification (to include reimbursement to the other Political Subdivisions for any capital contributions previously made in excess of the revised percentage allocations).

Section 5.3. Prior to DEQ issuing a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the capacity allocation was as follows:

Fairfax County	9.9149 mgd
Prince William County	8.6781 mgd
City of Manassas	6.6813 mgd
City of Manassas Park	1.7257 mgd
	27.0000 mgd

Section 5.4. Any Political Subdivision may reallocate any portion of its allocated UOSA Plant capacity to any other Political Subdivision on such terms as may be mutually agreeable, subject to approval of UOSA. The Political Subdivisions shall give UOSA written notice of any such transfer and UOSA shall change the UOSA Plant capacity allocations on its books and records. However, these reallocations shall not alter the obligations of each Political Subdivision

as set forth in Sections 6.1(b) and (c) and Sections 6.3 and 6.4.

Section 5.5. (a) At such time that DEQ issued a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd but less than 54 mgd, the allocation of the first 27 mgd was as set forth in Section 5.3 and the allocation of capacity above 27 mgd to 54 mgd was in the following percentages:

	<u>Percentage of Additional Capacity</u>
Fairfax County	65.5%
Prince William County	26.4%
City of Manassas	3.7%
City of Manassas Park	<u>4.4%</u>
	100.0%

~~Section 5.5.~~ (b) At such time that DEQ issues a Certificate to Operate the UOSA Plant at a capacity of 60 mgd, the allocation of additional capacity from 54 mgd to 60 mgd shall be as follows:

	<u>Percentage of Additional Capacity</u>
<u>Fairfax County</u>	<u>0%</u>
<u>Prince William County</u>	<u>50%</u>
<u>City of Manassas</u>	<u>50%</u>
<u>City of Manassas Park</u>	<u>0%</u>

Section 5.6 (a) -As of January 3, 2005, the date DEQ issued a Certificate to Operate the UOSA Plant at a capacity of 54 mgd, the allocation of capacity became as follows:

	<u>Total Capacity Allocation</u>	<u>Percentage of Total Capacity</u>
Fairfax County	27.5999 mgd	51.1109%
Prince William County	15.7971 mgd	29.2539%
City of Manassas	7.6893 mgd	14.2395%
City of Manassas Park	<u>2.9137 mgd</u>	<u>5.3957%</u>
	54.0000 mgd	100.0000%

(b) At such time as DEQ issues a Certificate to Operate the UOSA Plant at 60

mgd, the allocation of capacity shall be as follows:

	<u>Total Capacity Allocation (mgd)*</u>	<u>Percentage of Total Capacity*</u>
<u>Fairfax County</u>	<u>27.5999</u>	<u>45.9998%</u>
<u>Prince William County</u>	<u>18.7971</u>	<u>31.3285%</u>
<u>City of Manassas</u>	<u>10.6893</u>	<u>17.8155%</u>
<u>City of Manassas Park</u>	<u>2.9137</u>	<u>4.8562%</u>

*Does not include any reallocations or sales of capacity between jurisdictions pursuant to Section 5.4.

Section 5.7. UOSA may, with the consent of the appropriate Political Subdivision and in accordance with rates lawfully established by UOSA, contract with and license any person, corporation or association operating a septic tank cleaning or similar service for the treatment of septage collected in a Political Subdivision. UOSA may also so contract with a Political Subdivision or an Authority which licenses septage haulers for the treatment of septage collected in a Political Subdivision and delivered to the septage Receiving Facility as long as such contract is in accordance with rates lawfully established by UOSA. All such septage shall be counted against the allocated UOSA Plant capacity of the appropriate Political Subdivision.

Notwithstanding any provision in this Agreement to the contrary, UOSA shall allocate the costs of operating the Septage Receiving Facility in proportion to the amount of septage received from each Political Subdivision. All revenues derived from the use of the Septage Receiving Facility paid to UOSA from septage hauls originating in a Political Subdivision shall be deducted from that Political Subdivision's costs.

Section 5.8. UOSA covenants and agrees that it will endeavor to observe all applicable administrative and technical requirements contained in the Occoquan Policy or legally required by any authorized regulatory body. Upon receipt of a notice of violation by any authorized

regulatory body, UOSA shall proceed to comply with such rules and regulations within a reasonable time considering the exigencies of the circumstances.

ARTICLE VI

Rates and Charges

Section 6.1. UOSA shall fix and determine from time to time charges for the use of the UOSA Plant and UOSA Delivery System. Such charges shall be established by UOSA at such levels as may be necessary to provide funds, together with other available funds, sufficient at all time to pay:

- (a) the cost of operation and maintenance of
 - (1) the UOSA Plant, including reasonable reserves for such purposes,
 - and
 - (2) the UOSA Delivery System, including reasonable reserves for such purposes;
- (b) the Cost of Replacements and Necessary Improvements of
 - (1) the UOSA Plant, including reasonable reserves for such purposes,
 - and
 - (2) the UOSA Delivery System, including reasonable reserves for such purposes; and

(c) the principal of, premium, if any, and interest on the Bonds, the Cost of the UOSA Plant and UOSA Delivery System not paid with Bond proceeds, or any other monies due under the Trust Agreement, as the same become due, and required reserves therefore on Bonds issued to finance the Cost of

- (1) the UOSA Plant, and
- (2) the UOSA Delivery System.

Reserves accumulated by UOSA may be used to the extent permitted by the Trust Agreement to meet the reasonable Cost of Replacements and Necessary Improvements, which do not increase the capacity or scope of the UOSA Plant and UOSA Delivery System. The Political Subdivisions recognize that reserves may not be available at all times, and they may be billed for the Cost of Replacements and Necessary Improvements as needed.

For purposes of Section 6.4(a) - (f), with respect to any Partial Cash Funded Project, the phrase "all charges due or incurred under 6.1(c)" shall be determined pursuant to Section 6.11.

Section 6.2. The total charges determined pursuant to Section 6.1(a) shall be paid by each Political Subdivision in proportion to the ratio, which its annual flow as metered through the Points of Delivery bears to the total annual flow received at the UOSA Plant. Indirect costs of administration and overhead shall be allocated on the same basis as Section 6.1(a) charges.

Section 6.3. Prior to the time DEQ issued a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the total charges determined pursuant to Section 6.1(b) were paid by each Political Subdivision in accordance with the following percentages:

Fairfax County	30.83%
Prince William County	33.03%
City of Manassas	21.19%
City of Manassas Park	14.95%

At such time as DEQ issued or will issue in the future a Certificate to Operate the UOSA Plant at a capacity greater than 27 mgd, the total charges determined pursuant to Section 6.1(b) shall be paid by each Political Subdivision in proportion to the ratio its maximum capacity allocation

bears to the total maximum capacity allocation of all Political Subdivisions.

Section 6.4. The total charges determined pursuant to Section 6.1(c) shall be paid by each Political Subdivision in accordance with the following percentages:

(a) For all charges due or incurred under 6.1(c) for the construction and expansion of the UOSA Plant and Delivery System up to 27 mgd:

Fairfax County	30.83%
Prince William County	33.03%
City of Manassas	21.19%
City of Manassas Park	14.95%

(b) For all charges due or incurred under 6.1(c) for expanding the UOSA Plant and Delivery System from 27 mgd to 54 mgd:

	<u>I Plant Expansion</u>	<u>II Delivery System Expansion</u>
Fairfax County	65.5%	51.1109%
Prince William County	26.4%	29.2539%
City of Manassas	3.7%	14.2395%
City of Manassas Park	4.4%	5.3957%

* Identified as Sewerage System Improvements Phases I, II and III in the CH2M HILL Preliminary Engineering Report dated July 1987 (PER), the CH2M HILL "Cub Run Gravity Delivery System Evaluation", dated March 2004, and the Hazen and Sawyer "Flat Branch Delivery System Study", dated May 2005, and related Costs.

(c) For all charges due or incurred under 6.1. (c) for expanding the UOSA Flat Branch Delivery System from 54 mgd to 64 mgd:

Prince William County	90%
City of Manassas	10%

The Flat Branch Delivery System costs for expanding from 54 mgd to 64 mgd shall be calculated

as 9.3 percent of the total costs for the projects identified in the Hazen and Sawyer engineering analysis, dated July 12, 2005. The remainder, or 90.7 percent, of the total costs identified in that analysis are associated with expanding the Flat Branch Delivery System from 27 mgd to 54 mgd and shall be charged based on the UOSA Delivery System percentage shown in Section 6.4. (b).

(d) For all charges due or incurred under 6.1 (c) for incorporating nutrient reduction facilities and systems into the UOSA Plant authorized by Section 3.3:

Fairfax County	45.5554%
Prince William County	32.9576%
City of Manassas	16.0913%
City of Manassas Park	5.3957%

(e) For all charges due or incurred under 6.1. (c) "Hydraulic Improvements" authorized by Section 3.4:

Fairfax County	28.52%
Prince William County	57.13%
City of Manassas	12.44%
City of Manassas Park	1.91%

Pursuant to the CH2M HILL Technical Memorandum: "Basis for Hydraulic Improvements to the UOSA Regional Water Reclamation Plant", dated July 13, 2006, the Section 3.4. Hydraulic Improvements are based on peak flows of 95 mgd from UOSA's Flat Branch Pump Station and peak flows of 68.5 from pump stations within Fairfax County, for a total peak flow of 163.5 mgd. The Political Subdivisions agree that should additional peak flows necessitate additional hydraulic capacity improvements beyond those identified in the Technical Memorandum, the cost of such additional hydraulic capacity improvements shall be borne by the Political Subdivision(s) which generates the necessity for such additional improvements.

(f) All charges due or incurred under 6.1. (c) for any Cost of Replacements and Necessary Improvements (including repairs and renewals) for which Bonds are issued shall

be paid by each Political Subdivision in proportion to the ratio its maximum capacity allocation bears to the total maximum capacity allocation, as set forth in the then current Certificate to Operate, of all the Political Subdivisions.

(g) A Political Subdivision may pre-pay its debt service obligations so long as such pre-payment does not affect adversely the tax status of any Bonds. UOSA, at its option, may apply all or a portion of any such pre-payment and any earnings therefrom (1) to the subsequent debt service obligations of the pre-paying Political Subdivision as they become due, or (2) to effect a redemption of all or a portion of such Political Subdivision's share of outstanding Bonds. In the event of any such redemption, the pre-paying Political Subdivision's share of debt service obligations (with respect to the Bond issue of which the redeemed Bonds were a part) shall be reduced correspondingly by the amount of the redemption.

(h) Subject to the provisions of the Trust Agreement, residual funds from past or future Bond offerings shall be applied to authorized expansions or Costs of Replacements or Necessary Improvements and shall be credited toward each Political Subdivision's obligation in proportion to the Political Subdivision's obligations in Article VI on the project or projects from which the funds are derived.

(i) For all charges due or incurred under 6.1(c) for the construction and expansion of the UOSA Plant and Delivery System from 54 mgd to 60 mgd:

<u>Fairfax County</u>	<u>0%</u>
<u>Prince William County</u>	<u>50%</u>
<u>City of Manassas</u>	<u>50%</u>
<u>City of Manassas Park</u>	<u>0%</u>

Section 6.5. Should DEQ certify additional capacity in the UOSA Plant after a request from a Political Subdivision or Political Subdivisions upon approval by UOSA, the total charges

for Section 6.1(c) shall be adjusted as outlined in Section 5.2. The charges determined pursuant to Section 6.1(c) for any additional UOSA Plant capacity added in the future shall be paid in accordance with the maximum capacity allocation specified by the amendment to this Agreement which authorize such additions, or as otherwise provided in such amendments.

Section 6.6. The charges pursuant to Section 6.1(c) to be paid by a Political Subdivision shall be increased for each month the actual quantity of sewage from such Political Subdivision, as determined by the highest average of any 30 consecutive day flow ending during the calendar month, exceeds its UOSA Plant capacity allocation (or reallocation pursuant to Section 5.4 or Section 6.5). In such an event, a Political Subdivision shall pay additional charges ("Additional Charges") pursuant to Section 6.1(c) as if the UOSA Plant capacity had been available and allocated, provided that such Additional Charges shall not purchase any additional rights for the use of the UOSA Plant by such Political Subdivision and in no way condones such excess flows. These Additional Charges shall be applied to the reimbursement, on a pro rata basis, to such other Political Subdivisions to the extent their highest average of any 30 consecutive day flow ending during that calendar month was less than their allocated capacity . To the extent the Additional Charges exceed such reimbursement, they shall be deposited in an escrow account to be used for the purposes of defraying the Cost of expansion, capital improvements or studies of future expansions of the UOSA Plant and UOSA Delivery System. Any reimbursements under this section shall not alter the Political Subdivision's obligation to pay its share of the charges required by Section 6.1. (c).

Section 6.7. No Political Subdivision shall discharge sewage to UOSA which exceeds its allocated share (or reallocated share pursuant to Section 5.4 or Section 6.5) by weight or concentration of the total design capacity of the UOSA Plant or cause UOSA to exceed any

lawful limitations imposed upon its discharge. A Political Subdivision's allocated share of the total designed UOSA Plant loadings shall be the same percentage as its allocated percentage of total UOSA Plant design flow (mgd). At such time as any Political Subdivision is advised by UOSA that during each month of any three consecutive month period, that Political Subdivision's 30 day rolling average ~~its~~ pollutant ~~discharge exceeds~~ load discharged exceeded its allocated share of total designed UOSA Plant loadings, such Political Subdivision shall proceed to take such measures as may be necessary to bring its discharges into compliance and shall temporarily terminate the issuance of permits which would result in any increase in the excessive loading in that portion of the UOSA Service Area in the Political Subdivision until ~~its~~ the exceeding Political Subdivision's allocated share of total UOSA Plant loadings is increased by reason of reallocation or it ~~is~~ has been advised by UOSA that it may deliver additional sewage to UOSA and such advice has not been revoked. During the period of noncompliance, UOSA may assess the Political Subdivision costs for the treatment of the excess loading. All monitoring costs during the noncomplying period shall be borne by the noncomplying Political Subdivision.

Section 6.8. UOSA may present charges (including charges with respect to Auxiliary Facilities) based on budget estimates, subject to adjustment on the basis of an independent audit at the end of each fiscal year. All charges of UOSA shall be payable upon presentation. In the event any Political Subdivision shall fail to make payment in full within 30 days after presentation, interest on such unpaid amounts shall accrue at the highest rate of interest payable by UOSA on any of the Bonds then outstanding until such amounts and interest thereon have been paid in full. UOSA may enforce payment by any remedy available at law or in equity.

Section 6.9. UOSA shall provide Meters where necessary to determine and record on a continuing basis the quantities of sewage delivered by each Political Subdivision. Meters shall be

tested by UOSA for accuracy not less than once every two years. At the request of any Political Subdivision, UOSA shall test any Meter for accuracy at any time; provided, however, that should such Meter prove to be accurate within a range of plus or minus 2%, the cost of the Meter test shall be borne by the requesting Political Subdivision. In the event any Meter shall fail to record correctly the flow of sewage for any period of time, UOSA shall estimate the amount of flow on the basis of prior experience.

Section 6.10. Notwithstanding anything in this Agreement to the contrary:

(a) Industrial Wastewater delivered to and treated at an Auxiliary Facility shall not be considered as flows to the UOSA Plant for the determination of allocated capacity in the UOSA Plant or as annual flows received at the UOSA Plant for the determination of rates and charges under Section 6.2; and

(b) All Auxiliary Facility Expenses, which are the full responsibility of the Political Subdivision(s) proposing and sponsoring such Auxiliary Facility, shall be budgeted, presented and collected by UOSA from the sponsoring Political Subdivision separate from and in addition to the other charges established by this Article VI.

Section 6.11. Political Subdivisions which funded cash deposits for a Partial Cash Funded Project, to the extent such deposits were in lieu of their responsibility for the borrowing, shall not be charged for payment of principal of, premium, if any, and interest on the Bonds for such Partial Cash Funded Project provided such requesting Political Subdivisions shall be responsible in accordance with Section 6.4(a) - (f) (with the specified percentage or other allocation therein determined as if the one or more financed facilities or portions thereof was not a Partial Cash Funded Project) and charged for the related Cost of the UOSA Plant and UOSA Delivery System not paid with Bond or financing proceeds, and other monies due under the Trust

Agreement, as the same become due. It is acknowledged by the parties hereto that such deposit shall not reduce or otherwise affect the obligation of the Political Subdivisions under Section 6.1(c) to make payments for any deficiencies in any required reserves for such project or on such Bonds or bonds refunding such Bonds as if the one or more financed facilities or portions thereof was not a Partial Cash Funded Project.

The existence of a Partial Cash Funded Project shall not affect the responsibility of any Political Subdivision under any provision of this Agreement other than Section 6.4 and then only as it relates to a Partial Cash Funded Project. If Bonds which funded a Partial Cash Funded Project are subsequently refunded, the responsibility for the payment of principal of, premium, if any, and interest on the refunding Bonds shall be proportionately the same as for the Bonds for the project, with the responsibility for any deficiencies in the reserves after the initial deposit being allocated in the same percentages as for the refunded Bonds including as to the depositing Political Subdivisions.

Section 6.12. In connection with the issuance of publicly offered Bonds, unless a member Political Subdivision determines that the obligations under any continuing disclosure agreement to be executed therefor are materially different, either in the actions required or the types of information to be disclosed, from the obligations under agreements executed in connection with prior UOSA Bonds, then such agreements, at the option of the member Political Subdivision, may be executed on behalf of a Political Subdivision by responsible officers thereof without a specific vote of the governing body thereof.

ARTICLE VII

Miscellaneous

Section 7.1. This Agreement restates and amends the prior Service Agreement.

Section 7.2. It is recognized by the parties hereto that this Agreement constitutes an essential part of UOSA's financing plan and that this Agreement cannot be amended, modified, or otherwise altered in any manner that will impair or adversely affect the security afforded hereby for the payment of the principal of, premium, if any, and interest on the Bonds, except as provided in the Trust Agreement. The obligations of the Political Subdivisions hereunder or the issuance of the Bonds shall not be deemed to constitute a pledge of the faith and credit of the Commonwealth or of any Political Subdivision thereof. The Bonds shall contain a statement on their face substantially to the effect that neither the faith and credit of the Commonwealth nor the faith and credit of any county, city or town of the Commonwealth are pledged to the payment of the principal of or the interest on such Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the Commonwealth or any county, city or town of the Commonwealth to levy any taxes whatever therefor or to make any appropriations for their payment.

Section 7.3. This Agreement can be modified or amended only with the consent of UOSA, the Political Subdivisions and the Trustee.

Section 7.4. UOSA shall keep proper books and records in accordance with accepted accounting practices which shall be available for inspection at all reasonable times by the Political Subdivisions through their duly authorized agents. UOSA shall cause an annual audit of its books and records to be made by an independent certified public accountant at the end of each fiscal year and a certified copy thereof to be filed promptly with the governing body of each of the Political Subdivisions.

Section 7.5. The provision of sewer service to the screened area shown on the plat, dated

April, 1981, attached hereto as Exhibit B and made a part hereof, by an entity other than UOSA shall not be considered a violation of this Agreement, such area being more particularly described as follows:

Beginning at the southeast corner of the property located on Fairfax County Tax Map 68-1 ((1)) parcel 13, then running along the western right-of-way of Route 123 in a northerly direction approximately 1,900 feet to the centerline of Route 620-Braddock Road, then continuing along the western right-of-way line of Route 123 in a northeasterly direction approximately 2,600 feet to the northeast corner of property located at tax map No. 57-3 ((1)) parcel 7A; then following from said corner for approximately 1,400 feet in a northwesterly direction, then 600 feet in a southwesterly direction and 550 feet in a northerly direction to a corner common to George Mason University [tax map 57-3 ((1)) parcel 7A] and Richlynn Development, Inc. (University Square Subdivision) then along the George Mason University property line as follows: for approximately 1,900 feet in a northwesterly direction, approximately 2,750 feet in a southwesterly direction to the northern right-of-way line of Route 620-Braddock Road, then along said right-of-way line in a southeasterly direction for approximately 1,400 feet to the East Fork of Popes Head Creek; then across Braddock Road in a southeasterly direction along the property line of Hazel [tax map No. 68-1 ((1)) parcel 16] for approximately 2,000 feet; then in a southeasterly direction along the properties of Hazel and others for approximately 2,100 feet to the point of beginning, containing approximately 360 acres.

At such time as the UOSA Delivery System is extended to serve the above-described area, such area shall be served by UOSA.

Section 7.6. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors.

Section 7.7. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not affect any other provision hereof.

Section 7.8. This Agreement shall be executed in several counterparts, any of which shall be regarded for all purposes as one original.

Section 7.9. This Agreement shall become effective upon the last date of the parties

executing this Agreement, as set forth here below.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be restated, amended and executed, and their seals to be affixed and attested by their duly authorized officers, all as of the date appearing next to their signatures.

UPPER OCCOQUAN SEWAGE AUTHORITY

Date: _____

BY: _____

(SEAL)
ATTEST:

CITY OF MANASSAS

City Clerk

BY: _____
Mayor

Date: _____

(SEAL)
ATTEST:

CITY OF MANASSAS PARK

City Clerk

BY: _____
Mayor

Date: _____

(SEAL)
ATTEST:

BOARD OF SUPERVISORS OF
FAIRFAX COUNTY, VIRGINIA

Clerk

BY: _____
Chairman

Date: _____

(SEAL)
ATTEST:

BOARD OF COUNTY SUPERVISORS OF
PRINCE WILLIAM COUNTY, VIRGINIA

Clerk

BY: _____
Chairman

Date: _____

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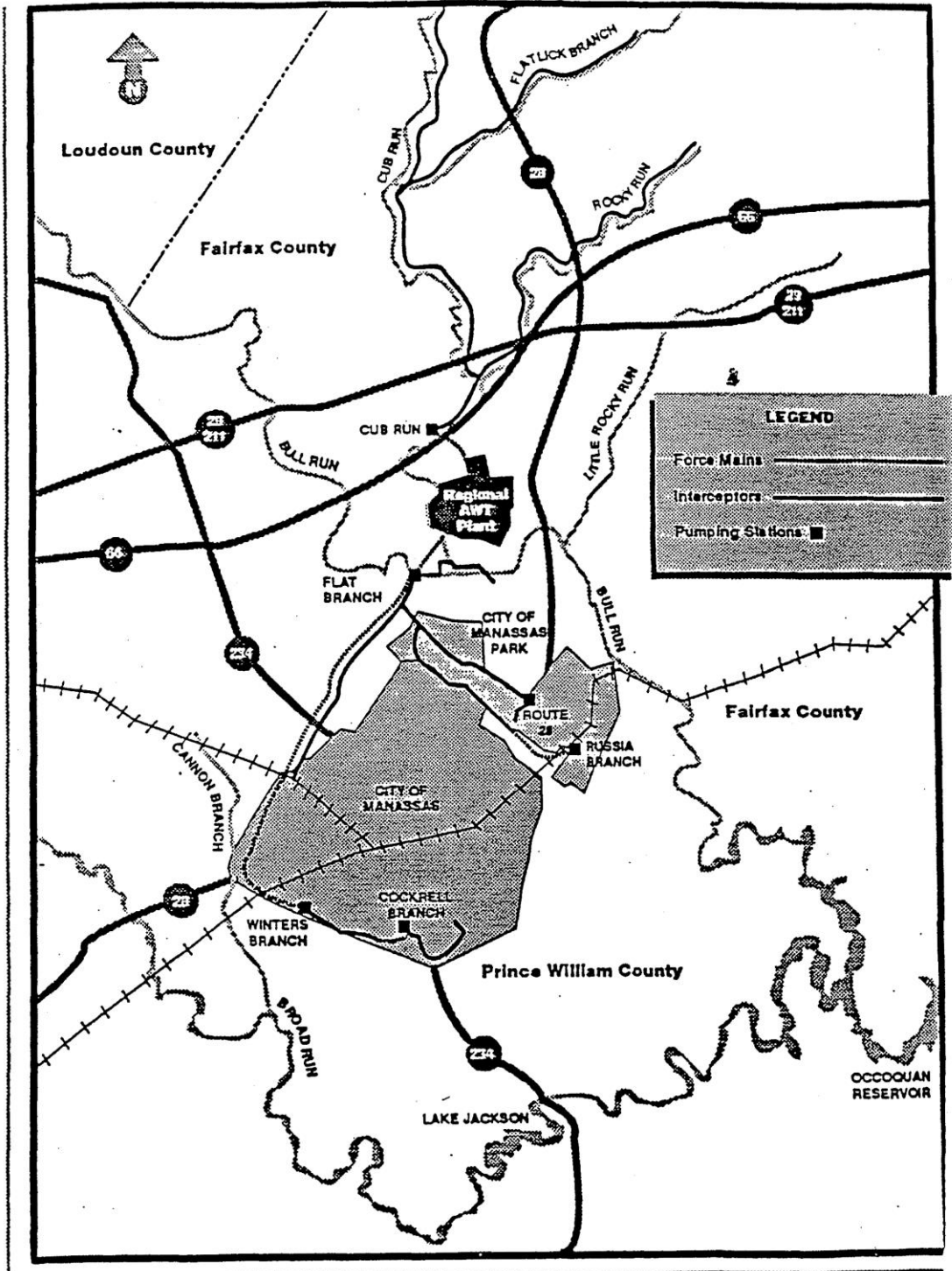


EXHIBIT A

General Location Map
UOSA Delivery System

