

AMENDMENT NO. 1 TO AGREEMENT

THIS AMENDMENT NO. 1 TO AGREEMENT (this "Amendment No. 1") is made and entered into as of _____, 2015, by and among the CITY OF CHARLOTTESVILLE, a municipal corporation (the "City"), the ALBEMARLE COUNTY SERVICE AUTHORITY, a public body politic and corporate duly created pursuant to the Virginia Water and Waste Authorities Act (the "Service Authority"), the BOARD OF SUPERVISORS OF ALBEMARLE COUNTY, acting for and on behalf of Albemarle County (the "County"), and RIVANNA WATER AND SEWER AUTHORITY, a public body politic and corporate duly created pursuant to the Virginia Water and Waste Authorities Act ("Rivanna"), parties to the Agreement dated as of June 12, 1973 (the "Service Agreement").

RECITALS:

The Service Agreement provides a method by which Rivanna is required to determine monthly rates for water produced and wastewater treated by Rivanna for the City and the Service Authority. The parties hereto desire to modify such method as set forth below.

AGREEMENT:

NOW, THEREFORE, the parties hereto agree to amend the Service Agreement as follows:

1. Amendment of Section 1.1. Section 1.1 of the Service Agreement is hereby amended by adding the following definition to such section:

"Debt Service Charges" with respect to a facility or project shall mean the charges for work performed and debt service owed with respect to such facility or project, including the budgeted costs of engineering, construction, legal and land costs, administrative costs, permit fees, debt service (including anticipated debt service in the period before bonds are issued or loans are obtained to finance such facility or project), and establishment of reserves and related expenses.

2. Amendment of Section 7.1. Section 7.1 of the Service Agreement is hereby amended to add the words "and charges" after the word "rates" in the heading and in the first and second sentences of such section, and to add the words "or provided" after the word "acquired" in the second sentence of such section.

3. Amendment of Section 7.2. Section 7.2 of the Service Agreement is hereby amended to add the words "and charges" after the word "rates" in the heading and in the third sentence of such section.

4. Amendment of Section of 7.2(a). Section 7.2 (a) of the Service Agreement is hereby amended to delete the words ", except as provided in subsection (c) below" in the first

sentence thereof and to delete the third and fourth sentences in their entirety, and to substitute, in lieu thereof, the following:

Rivanna shall compute the Debt Service Charges as an aggregate monthly fixed charge for the existing water facilities that were acquired pursuant to Sections 3.2 and 3.4, and new water facilities or projects that either have been or are to be constructed pursuant to Section 4.1, Section 4.3 or otherwise (including projects for upgrade, rehabilitation, replacement and repair of such facilities). The Debt Service Charges for each facility or project requested solely by the City or the Service Authority and undertaken pursuant to Section 4.3 shall be determined and allocated to the requesting party. The Debt Service Charges for each facility or project undertaken pursuant to Section 4.1 or otherwise shall be determined and allocated to the City and the Service Authority as provided under any applicable cost allocation agreement, and in the absence of any such cost allocation agreement, shall be determined and allocated based on proportional usage estimated as a part of Rivanna's normal annual budget process until such time as a cost allocation agreement between the City and the Service Authority is executed. The water rate per 1000 gallons shall be determined on the basis of the sum of the operational costs. A separate monthly fixed charge shall be determined as provided above based on the aggregate Debt Service Charges allocated to the City and the Service Authority.

5. Amendment of Section 7.2(b). Section 7.2(b) of the Service Agreement is hereby amended and restated in its entirety as follows:

(b) Wastewater treatment rates for the urban area shall be uniform. Rivanna shall compute the cost per 1000 gallons for the operation and maintenance of facilities for the interception and treatment of wastewater, which rate shall be the same for the City and the Service Authority. Rivanna shall compute the Debt Service Charges as an aggregate monthly fixed charge for the existing wastewater facilities that were acquired pursuant to Sections 3.3 and 3.5 and new wastewater facilities or projects that either have been or are to be constructed pursuant to Section 4.1, Section 4.3 or otherwise (including projects for upgrade, rehabilitation, replacement and repair of such facilities). The Debt Service Charges for existing facilities (as defined by Sections 3.3 and 3.5) and additional wastewater facilities described on Exhibit 6, shall be determined and allocated to the City and the Service Authority on a basis whereby the City pays a percentage of the Debt Service Charges equal to the City's proportional share of Rivanna's wastewater flow for the most recently completed and

audited fiscal year divided by the sum of (i) the City's proportional share of Rivanna's wastewater flow plus (ii) two times the Service Authority's proportional share of Rivanna's wastewater flow for the same period, and the Service Authority pays the remaining percentage balance. The Debt Service Charges for each new or additional facility or project requested solely by the City or the Service Authority and undertaken pursuant to Section 4.3 shall be determined and allocated to the requesting party. The Debt Service Charges for each new or additional facility or project undertaken pursuant to Section 4.1 or otherwise shall be determined and allocated to the City and the Service Authority as provided under any applicable cost allocation agreement and in the absence of any such cost allocation agreement shall be determined and allocated based on proportional usage estimated as a part of Rivanna's normal annual budget process until such time as a cost allocation agreement between the City and the Service Authority is executed. The wastewater treatment rate per 1000 gallons shall be determined on the basis of the sum of the operational costs. A separate monthly fixed charge shall be determined as provided above based on the aggregate Debt Service Charges allocated to the City and the Service Authority.

6. Amendment of Section 7.2(c). Section 7.2(c) of the Service Agreement is hereby deleted in its entirety.

7. Amendment of Section 7.3. Section 7.3 of the Service Agreement is hereby amended and restated in its entirety as follows:

Section 7.3. Rates and Charges in Other Areas. Rivanna shall establish separate rates and/or charges, as may be agreed between Rivanna and the Service Authority from time to time, for service to areas in the County outside of and not connected to Rivanna facilities in the urban area to which Rivanna provides or in the future may provide water or from which it treats or may in the future treat wastewater. Such areas include Crozet, Red Hill and Scottsville for the provision of water and include Scottsville, the Village of Rivanna and Stone Robinson School for the treatment of wastewater.

8. Amendment of Section 7.4. Section 7.4 of the Service Agreement is hereby amended and restated in its entirety as follows:

Section 7.4. Uniformity in Debt Service Charges. The parties recognize that there will be variances from year to year in the cost for both water and wastewater treatment capital improvements on both existing facilities and new facilities. In an effort to maintain

reasonable uniformity in adjustments to Debt Service Charges from year to year, the parties agree that Rivanna will, to the best of its ability, compute such Debt Service Charges using uniform adjustments to such charges throughout five to ten year periods. The parties understand and agree that this procedure will result in excess collections compared to actual expenditures in certain periods but in other periods the amount collected will be less than actual expenditures for such capital improvements. Rivanna agrees to apply the excess collections to make up deficiencies during periods where actual expenditures for such capital improvements exceed Debt Service Charges.

9. Amendment of Section 7.5. Section 7.5 of the Service Agreement is hereby amended and restated in its entirety as follows:

Section 7.5. Determination of Rates and Charges. Water and wastewater treatment rates per 1000 gallons within the urban area shall be determined by applying the rates determined pursuant to Sections 7.2(a) and 7.2(b) to the total estimated amount of water delivered to, or wastewater treated from, the City and the Service Authority as obtained by their respective customer meter readings and applied pursuant to the provisions of the 1983 Working Agreement on Urban Area Wholesale Flow Allocation and Billing Methodology between Rivanna, the Service Authority and the City. Water and wastewater treatment Debt Service Charges within the urban area shall be determined, allocated and aggregated pursuant to Sections 7.2(a) and 7.2(b) and the applicable cost allocation agreement, if any, with respect to such charges. Water and wastewater rates and/or charges for service to areas in the County outside of and not connected to Rivanna facilities in the urban area shall be determined pursuant to Section 7.3.

10. Effective Date. This Amendment No. 1 shall be effective upon the approval and execution by all parties hereto.

11. Miscellaneous. Except as expressly amended hereby, the Service Agreement shall remain in full force and effect in accordance with its terms. Bank of New York Mellon Trust Company, N.A., a New York banking corporation, executes this Amendment No. 1 solely in its capacity as successor Trustee (the "Trustee") to NationsBank, National Association under the Agreement of Trust dated as of October 1, 1979 between Rivanna and the Trustee, as amended and supplemented, pursuant to Section 8.1 of the Agreement of Trust.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the parties have duly executed this Amendment No. 1 as of the date first above written.

CITY OF CHARLOTTESVILLE

Date: _____

By _____
Mayor

(SEAL)

ATTEST:

City Clerk

ALBEMARLE COUNTY SERVICE
AUTHORITY

Date: _____

By _____
Chair

(SEAL)

ATTEST:

Secretary

BOARD OF COUNTY SUPERVISORS OF
ALBEMARLE COUNTY

Date: _____

By _____
Chair

(SEAL)

ATTEST:

Clerk

RIVANNA WATER AND SEWER AUTHORITY

Date: _____

By _____
Chair

(SEAL)

ATTEST:

Secretary

SEEN AND CONSENTED TO:

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., Trustee under Agreement of Trust
dated as of October 1, 1979, as amended
and supplemented

By: _____
Title: _____

Date: _____

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