BOARD OF SUPERVISORS

ERNIE Q. REED
Central District

JESSE N. RUTHERFORD
East District

J. DAVID PARR
West District

DR. JESSICA LIGON
South District

A. CAMERON LENAHAN
North District

CANDICE W. MCGARRY
County Administrator

AMANDA B. SPIVEY
Administrative Assistant/
Deputy Clerk

GRACE E. MAWYER
Director of Finance and
Human Resources

AGENDA
NELSON COUNTY BOARD OF SUPERVISORS
SEPTEMBER 15, 2026
THE REGULAR MEETING CONVENES AT 2:00 P.M. IN THE GENERAL DISTRICT COURTROOM AT THE COURTHOUSE IN LOVINGSTON

I. CALL TO ORDER
- A. Moment of Silence
- B. Pledge of Allegiance

II. PUBLIC COMMENTS

III. CONSENT AGENDA
- A. Resolution – **R2026-73** Minutes for Approval
- B. Resolution – **R2026-74** FY27 Budget Amendment
- C. Resolution – **R2026-71A** FY27 Budget Amendment
- D. Proclamation – **P2026-05** Patriots' Day

IV. PRESENTATIONS
- A. VDOT Report
- B. NCSA Report – Wintergreen WWTP and Lovingston Sewer Project
- C. TJPDC 2026 Legislative Update – David Blount
- D. FY26 End of Fiscal Year Report

V. NEW & UNFINISHED BUSINESS
- A. 2026 Larkin Property Financing Options – Davenport (**R2026-75**)
- B. County Policy Updates for Federal Grant Compliance (**R2026-76**)
  1. Sub-recipient Monitoring Policy
  2. Whistleblower Policy
- C. Building Permit Fees (**O2026-03**)
- D. Colleen and Piney River Battery Energy Storage System Donations
- E. Admissions Tax Committee Follow-Up and Recommendation

VI. REPORTS, APPOINTMENTS, CORRESPONDENCE AND DIRECTIVES
- A. Reports
  1. County Administrator's Report
  2. Board Reports
- B. Appointments
- C. Correspondence
- D. Directives

VII. CLOSED SESSION PURSUANT TO 2.2-3711 (A)(8)

VIII. OTHER BUSINESS (AS PRESENTED)

IX. ADJOURN AND CONTINUE TO OCTOBER 7, 2026 AT 4 P.M. FOR A WORK SESSION ON THE LARKIN PROPERTY. AN EVENING SESSION <u>WILL NOT</u> BE CONDUCTED.

III A

RESOLUTION R2026-73
NELSON COUNTY BOARD OF SUPERVISORS
APPROVAL OF MINUTES
(March 25, 2025, April 1, 2025, May 16, 2025)

RESOLVED, by the Nelson County Board of Supervisors that the minutes of said Board meetings conducted on **March 25, 2025, April 1, 2025, May 16, 2025,** be and hereby are approved and authorized for entry into the official record of the Board of Supervisors meetings.

Approved: September 15, 2026

Attest:_____________________________,Clerk
Nelson County Board of Supervisors

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 10:00 a.m. in the Former Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston, Virginia.

Present:
Ernie Q. Reed, Central District Supervisor – Chair
Dr. Jessica L. Ligon, South District Supervisor – Vice Chair
Jesse N. Rutherford, East District Supervisor
J. David Parr, West District Supervisor – Chair
Candice W. McGarry, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Grace E. Mawyer, Director of Finance and Human Resources

Absent: Thomas D. Harvey, North District Supervisor

I. CALL TO ORDER

Mr. Reed called the meeting to order at 10:00 a.m. with four (4) Supervisors present to establish a quorum. Mr. Harvey was absent.

II. 3/18 WORK SESSION & 3/20 JOINT MEETING FOLLOWUP

Ms. McGarry stated that she had some follow-up from the March 18th work session and March 20th joint meeting with the School Board. She reviewed the well and septic fees, which provides for a local fee of $75 for installation of any onsite sewage disposal system and $25 for construction of a private well. She explained that Virginia Department of Health (VDH) collects the fees jointly, issuing County permits by VDH and Building Inspections. She said that staff are still trying to determine how/where the fees get remitted.

Ms. McGarry reported that she and Jeremy Marrs had discussed the Board's desire to review the fees charged by the Building Inspections department. She noted that Mr. Marrs would begin working on some fee comparisons and suggested fees for the Board's consideration in May.

Ms. McGarry reviewed business license fees and reported that per State Code, the County cannot charge more than $30 for a business license fee, which was based on population size. She noted that the County's population would have to increase to 25,000 to be able to raise the business license fee to $50.

Ms. McGarry reported that the Spay and Neuter Fund revenues were funds that were remitted by the State Department of Taxation to the County and represented monies contributed to the State Spay and Neuter Fund through designation on local tax returns. She commented that the amount of funds remitted could vary greatly. She explained that when people file their state taxes, there are many options that they can choose to donate their tax refund to, one of which is the State Spay and Neuter Fund, and anyone in our locality that chooses to do that, those funds are remitted to Nelson County.

Ms. McGarry then provided follow-up information on the Animal Control vehicles. She indicated that after speaking with Kevin Wright, he noted that he had not requested a vehicle and upon further review of his department's budget request, it was determined that the vehicle request was part of the department's CIP submission. Ms. McGarry indicated that staff was recommending removal of funding for a new vehicle from Animal Control's budget for the upcoming fiscal year. Mr. Parr asked if they could reallocate that funding towards a new vehicle for the Emergency Services Director.

Ms. McGarry responded that they could, noting that the next bit of information pertains to the ECC first response vehicle. She reported that the current 2002 Chevy Tahoe has an odometer reading of 169,396, and staff suggests reallocating the Animal Control vehicle funds toward the ECC vehicle. She indicated that John Adkins had been researching some less expensive options for the ECC vehicle. She said one option would be a 2025 Ram SSV, and it would have to be ordered by April 4th, with a 90 to 120-day turnaround to receive it, but they could pay for it with next year's fiscal funds. She noted that the current vehicle has significant body rust from Wintergreen and all the salt, and it needs tie rods, sway bar links, a front end alignment, and perhaps other repairs. She added that they are going to have Front Street Garage look at it and provide an estimate, because they still have time to do something else. She said the County also has an old Jeep Cherokee that does not get driven a lot.

Dr. Ligon asked if John Adkins needed a large vehicle.

Ms. McGarry responded that he keeps a lot of emergency management equipment in the back.

Mr. Parr commented that unlike previous ECC directors, Mr. Adkins is frequently onsite and hands on.

Ms. McGarry noted that they would also get a camper shell for the back of the truck to hold his tools.

Mr. Parr said the buildout for that is included in his estimate.

Ms. McGarry said the total cost with the extras for the Ram is about $54,000, versus about $71,500 for a Tahoe.

Mr. Parr said beyond the overall needs and use, the current vehicle is embarrassing for a County representative.

Regarding the Roseland Volunteer Rescue Squad ambulance, Ms. McGarry reported that NEMS is no longer rotating volunteer ambulances into the service program, as that was discontinued several years ago. She said they borrow units from Rockfish Volunteer Rescue if NEMS is in a bind and needs a vehicle for some reason—Roseland only has one viable ambulance in service, so borrowing from them is not really an option.

She noted that this did not address the question of whether or not the County could reassume ownership of that vehicle if they're not using it all that much, but they use it when they go out. She emphasized that they would need to look at call volume and other factors before making a move in that direction.

Dr. Ligon stated that technology is going to be outdated eventually, and she wondered if that unit would even be viable in five to seven years if Roseland does start answering calls—and in the meantime, the unit is just sitting there doing nothing.

Ms. McGarry commented that she can't speak to the number of calls right now as far as what they are doing or not doing, but she agreed that it is an expensive piece of equipment to let it sit there.

Ms. McGarry reported that she provided current Piney River water/sewer rates and Service Authority rates, which are not all the fees charged but they reflect the monthly usage rates. Ms. Mawyer confirmed that the Shipman rates are the same at $48.30.

Piney River Rates:

	Water	Sewer
Minimum usage—Up to 4,000 gallons per month	$29.90	$29.60
Cost per 1,000 gallons, exceeding 4,000	6.10	6.85

Unmetered water or sewer residential customers will be charged for four thousand (4,000) gallons per month.

<u>Nelson County Service Authority Rates (effective July 1, 2023)</u>

Base Service Fee allots consumption up to 4,000 gallons per billing period.

	Base Service Fees	
	Water	Sewer
Lovingston, Schuyler, Gladstone	48.30	69.70
Wintergreen Mountain System	52.90	69.70

Ms. McGarry said staff would need to report back on developed fee recommendations and then look at the procedural steps for increasing rates, but it would involve a public hearing at a minimum because they would have to amend the County's water/wastewater ordinance. She confirmed that everyone is paying $29.90 plus a $9.00 grinder pump fee for sewer.

Mr. Rutherford commented that they have been discussing this for a long time, and Lovingston, Schuyler, and Gladstone should not be paying higher rates than anyone else.

Board members emphasized that a rate increase would need to be gradual, and Ms. McGarry agreed that staff would look at a phased approach.

Mr. Rutherford asked if they would need to do a public hearing every year it increases.

Ms. McGarry responded that staff would check on that, as they may be able to include the phased approach in the ordinance.

Mr. Rutherford said they discussed the Service Authority acquiring this entity about six years ago, and their biggest points of non-interest were related to capital improvements for the system and the rate being too low to sustain.

Dr. Ligon noted that the County had just made a massive improvement by working on the rates.

Mr. Reed said this would also give them a timeline for consideration of assuming Service Authority taking over; if they go with a four-year phase, they could do it for three and then make a transfer in the fourth year.

Ms. McGarry said this may be a moving target as the Service Authority considers rate increases of their own. She said if the Board's amenable, staff will build the FY26 budget on the current rates and amend as needed if new rates are established, and she would bring suggested rate increases forward in the near future.

Ms. McGarry reported that the Board had received the school bus fleet information at their joint meeting with the School Board on March 20, and staff had provided the updated school CIP in the information before them. She said that based on their .6645 LCI and the enrollment of 1,417, there are two things that are provided from the Department of Education Calc tool: The total funding for FY26 programs is the state share of the total funded programs at $9,996,425; the FY26 local share of total funded programs is $13,256,834; the required local effort, based on the standards of quality (SOQ) accounts, required local effort is $9,997,003.

Ms. McGarry said that concluded her responses to the Board's previous inquiries.

She stated that she wanted to ask them about the ECC vehicle and the fact it is driven home. She noted that she was not sure of the Board's thoughts on that. Mr. Parr asked how far "home" was. Dr. Ligon responded that it is far down a dirt road in Albemarle, and she didn't even like taking her vehicle down that road.

Ms. McGarry said the question is whether any employee, regardless of who they are and where they live, should be able to take the vehicle home. She commented that she could see the benefit in times of an emergency. She noted that the Sheriff's Department drives their vehicles home, and Animal Control drives theirs home when they are on call, and she stated that she is not certain there is a current policy related to County vehicles. Ms. Mawyer asked if there was a maximum number of miles for Sheriff's Department employees who live out of County. Mr. Rutherford commented that was probably up to the Sheriff, he noted that Albemarle deputies had to get approval from the Sheriff to take their vehicle home.

The Board discussed the possibility of having the ECC vehicle parked at the Faber Fire Department as it would be on the way to almost any direction of response. Mr. Rutherford asked what the County's policy was currently, as it related to County vehicles being driven home. Ms. McGarry commented that she was not sure there was a policy on that, noting that she would have to check.

Mr. Rutherford pointed out that individuals might negotiate that in their contracts at the point of hire.

Dr. Ligon said the problem is that they have a significant number of staff that don't even live in the County yet drive County vehicles, which Nelson is having to pay for. Ms. McGarry noted that the majority were in the Sheriff's Department. Mr. Rutherford commented that they should look at creating a vehicle policy.

Dr. Ligon noted that they would need to see if the fire department would consider allowing the ECC vehicle to be parked at the Faber Fire Department.

Ms. McGarry asked if the Board wanted to consider vehicle use logs as part of their policy, as some citizens have said they'd like to see some transparency with County vehicle usage.

Dr. Ligon asked how fair it was if someone is putting 80 miles on a County vehicle daily just to get to and from the County, for the County to be required to replace that vehicle at 150,000 miles.

Mr. Parr said at one point for his job, he had to log and account for personal miles on the company vehicle, and the company took that out of his check—so there are procedures available for that type of usage.

Mr. Rutherford said in the construction world, there was always an expectation that you should be willing to drive 30 minutes to get to work or a jobsite; the alternative view was how much more expensive it was to make that extra 30 miles then go to a different job site.

He added that in this instance, it is a stable location 100% of the time, but Animal Control and the Sheriff's Department might go on patrol near the place where they live. He said he has had great success with GPS systems on his construction vehicles, which protects both the vehicle operator and the County.

Mr. Parr commented that insurance companies often provide devices now, which helps with rates and tracking, and a lot of carriers with commercial vehicles are offering devices such as Progressive's "Snapshot." Ms. McGarry noted that some options may be able to provide data that could help create a vehicle replacement schedule.

Dr. Ligon commented that for 250 days per year, 80 miles was 20,000 miles. Mr. Rutherford noted the recommended replacement for Sheriff's vehicles was at 100,000 miles. Dr. Ligon noted there were also the expenses related to tires and regular maintenance. Mr. Rutherford suggested they consider exploring GPS systems.

Mr. Rutherford asked if you could FOIA log data from staff, and Ms. McGarry responded that you probably could.

Ms. McGarry stated that staff would follow up on this and with Sheriff Embrey to clarify his policy. Dr. Ligon reiterated that a lot of his workforce does not live here. Ms. McGarry noted that having a take home vehicle as a deputy was one of the main perks.

Ms. McGarry stated that the next topic on the work session agenda was the FY26 tax rates, which would actually be Tax Year 2025.

Mr. Rutherford said he had no interest in raising tax rates, so they can vote on that anytime.

Ms. McGarry presented a few changes that affect the capital outlay budget, which included taking out the Animal Control truck and perhaps adding in the ECC vehicle. She said they have a balance of forest sustainability funds from FY23 that didn't get pulled in, and she would like to make that adjustment. She said this would add $41,389 to the Parks and Rec Department budget, which would pull into their funding balance and provide that department with the additional funding for potential use, should the Board decide to do something with it.

Changes to Contingencies

Introduced Budget Recurring Contingency		$0
Subtotal of Changes		$0
Balance as of 03/25/25		$0

Introduced Budget Non-Recurring Contingency	$	341,303			
Staff - Removal of Animal Control Truck in Capital Outlay	$	51,000			
Subtotal of Changes	$	51,000	Total All Contingencies		
Balance at 3/25/25	$	392,303	$	392,303	

Introduced Budget Year Ending Balance	$	3,872,300
Staff - Pull Omitted Forest Sustainability Balance (FY23) from YE Balance	$	41,389
Staff -Reduction of Animal control Truck in Capital Outlay	$	(51,000)
Subtotal of Changes	$	3,862,689
Balance at 3/25/25	$	3,862,689

Expenditure Changes 3-25-25

Staff - FY23 Balance of Forest Sustainability Funds to P&R Department	$	41,389
Staff - Remove Animal Control Truck from Capital Outlay	$	(51,000)

Revenue changes 3-25-25

The Board then agreed to discuss MACAA first.

Ms. McGarry said Mr. Edwards of MACAA had provided some follow-up information in the email provided to the Board, and the agency feels fairly confident that they would have the capacity to do 12 to 14 children in the after-school program at each school—for a full capacity of 24 to 28 students. She said that Mr. Edwards indicates they would start marketing this program almost immediately so that everyone would be aware of its availability, which should boost enrollment, and the majority of the budget request is to pay program personnel salary and benefits.

Ms. McGarry said MACAA's request also includes expansion of emergency services to a broader range of services to include self-sufficiency, job training, adult education, financial literacy, and other initiatives to help families move beyond emergency services only. She stated that the agency plans to continue the Project Discovery program, which aids high school students with entering college as first generation in their families. She reiterated that most of MACAA's request was for the afterschool program.

Ms. McGarry reported that MACAA expended $6,200 approximately for emergency services in FY24 and $1,100 in FY25 for 23 households. She commented that $1,100 for 23 households did not seem like much, unless the 23 households also applied to the FY24 amount spent.

Mr. Reed said he hoped MACAA would do outreach for expanded services, because they are not likely to be used if people do not know about them.

Mr. Rutherford commented that the County paid $24,376 for emergency assistance in FY23-24, meaning the return on investment is about a quarter of what the County gives them, and that's a lot of overhead to cover to write a $6,000 check.

Ms. McGarry said in the current year, MACAA anticipated serving 60 people, with 82 as the proposed number of beneficiaries for FY26 emergency assistance.

Dr. Ligon asked if these recipients were people who have exhausted social services and other programs and end up going to this one.

Mr. Rutherford said it is an additional source, and once they have exhausted DSS, they go to MACAA.

Mr. Reed pointed out that DSS publicizes the availability of MACAA's programs and lets constituents know what is available.

Dr. Ligon said she had concerns about the return on investment, and funding an agency that may not fully provide what they promise.

Mr. Rutherford asked if MACAA had an office at the Nelson Center. Ms. McGarry noted that they had a location there, but she was unsure whether they were still operating there. Mr. Reed commented that it would be good to know whether they were staffing that at all.

Mr. Rutherford said he understood the afterschool program and the Pioneer program, but he did not feel the emergency assistance piece was prudent—as the County would be better off writing a check for $25,000 to DSS for emergency assistance.

Dr. Ligon said the other option would be the Nelson County Community Development Foundation.

Mr. Parr commented that he was hesitant to do too much until MACAA can demonstrate a good track record.

Ms. McGarry commented that she thought the Schools were in favor of continuing the afterschool program with MACAA. Mr. Rutherford said he was willing to give MACAA another chance because there are limited options for the schools. He noted that he was not sure there was a mechanism for the schools to take on the afterschool program internally.

Mr. Reed said he was willing to give MACAA funding for everything for a year and track it closely because they are all needed services, and the agency itself is in need to get themselves reorganized.

Dr. Ligon asked how Mr. Reed felt about the money for emergency services going to a place they know has a true track record of helping Nelson County people. She emphasized that when they give to certain scenarios, they need to think about how much money is being spent on administration, and she would feel better about providing the emergency services funding portion to another entity that has a proven track record. She said that would be the County's way of having MACAA prove that they could handle the other two programs.

Mr. Reed commented that it was their way of cutting services. Mr. Rutherford said he didn't know if they were cutting services if they're only getting $1,100. He suggested that they could allocate those emergency services funds to NCCDF or someone like DSS, and stipulate that those funds cannot go towards overhead costs like salaries and must be used to provide utility assistance. Mr. Reed noted that staffing was required to apply the program. Dr. Ligon noted they were suggesting giving the funds to an organization that already has the staff. Mr. Rutherford noted that there were mechanisms to prove income.

Dr. Ligon emphasized that other organizations have protocols in place and a proven track record. Mr. Reed asked if the County could choose which programs to fund. Ms. McGarry noted she was pretty sure they had that discretion and if something were to change mid-year and funding was disbursed on a quarterly basis, then the County has some control over disbursement if things go awry. Dr. Ligon commented that she did not like promising funds and then withdrawing them. Ms. McGarry noted that she did not either, but it was a mechanism they could use.

Dr. Ligon asked if the NCCDF was well-run, as her perception is that they do a good job. Mr. Reed stated that they do an incredible amount with incredibly little. Dr. Ligon asked if Mr. Reed would like to give these funds to a well-run County entity. Mr. Rutherford suggested that they stick with only utility assistance. Dr. Ligon noted that they could ask Margaret Clair what they provide services for and how they do it. She commented that her goal was not to cut an avenue, but to see the return on investment.

Mr. Reed said it would be good to determine first whether NCCDF has the capacity to assign the funds.

Dr. Ligon said she was fairly certain Ms. Clair would articulate whether or not they could. Ms. McGarry indicated that she could reach out to Ms. Clair about the proposition.

Mr. Rutherford suggested they fund the afterschool program and Project Discovery as requested by MACAA, noting that they were possibly withdrawing the emergency assistance funding and reallocating it elsewhere.

Mr. Reed suggested that they find out that information from Ms. Clair and whether MACAA has a presence in Nelson County, the latter of which would provide him some assurance.

Dr. Ligon said establishing an office here would cost them more.

Mr. Rutherford suggested that they also drill down into the overhead costs. Ms. McGarry asked if they wanted to limit it to utility assistance. Dr. Ligon suggested they see the range of services that MACAA covered. She noted that she did not want to limit anything, she just wanted more efficient use of funds.

III. FY26 BUDGET WORK SESSION

A. School Budget Request
B. Capital Outlay
C. 2026 Tax Rates

Ms. McGarry said it was up to the Board what they needed to discuss regarding the school budget.

Dr. Ligon stated that they need to address the school bus issue now. She noted the lead times on ordering buses. She commented that the bus situation was dire and noted the need to start a plan.

Mr. Parr said they need to stop kicking the same can down the road and just budget for this. Mr. Rutherford noted that they had budgeted for four (4) buses. He asked what was involved with ordering the buses. Ms. McGarry stated that the Board could go ahead and authorize the purchase order now, and the buses wouldn't come in until next fiscal year anyway. The Board was in consensus to authorize the purchase order for four (4) buses.

Dr. Ligon said two constituents have come to her regarding the schools' cost for fuel, and one who works for a propane company felt the costs were exorbitant. She noted she was not sure who to ask about it. Mr. Reed commented that this is a question for the School Board, and Ms. Irvin and the School Board seem fairly astute regarding reducing expenses. He said that a lot of the comments that the Board gets about the school budget, don't directly get relayed to the School Board during their budgeting process. Mr. Rutherford said that dynamic has existed as long as the Board of Supervisors and School Board have, because the Board is the taxing mechanism. Mr. Reed stated that people need to understand the process better instead of waiting until it comes before the Board to then say that they have a problem. Mr. Parr agreed but said they still should not ignore those concerns.

Ms. McGarry said staff can let the Schools know the Board authorizes them to go ahead and issue the PO for the school buses.

Mr. Rutherford spoke regarding school capital improvements. He stated that two or three years ago when looking at capital improvement needs, the Board brought together $20 million to make overall improvements, so the School Board's assessment that the Board of Supervisors is ignoring them is just not true. He said the $2.5 million grant then came up for the high school, which absorbed all $20 million, and that left three schools in a dire situation with capital improvement needs.

Mr. Parr said the Board conversations around that were just to allocate $20 million for everything that the Schools needed instead of them asking for piecemeal improvements, and that was the plan until the high school renovation project came about.

Mr. Rutherford said at that time, he didn't feel the high school renovation was as pressing as some of the other needs, but the grant pushed things in another direction.

Ms. McGarry confirmed that staff would proceed with advertising the budget with the current school number in it. She said she would ask the Board to authorize the public hearing at the April 8 meeting, and it would be advertised to take place on May 13.

Ms. McGarry said if there were no changes to the tax rate, or alternatively if the Board wanted to authorize a public hearing on any increases, she had motions prepared for both of those scenarios.

Mr. Parr asked if there were any items that had been cut from the budget that needed to be revisited. He commented that several things had been cut from the budget, while nothing had been cut from the School budget. He asked what they may have cut, that they may need to reconsider.

Mr. Parr stated that after the joint meeting with the School Board, he had a conversation with a Board member about wanting to add the drones and the Emergency Services truck. He said if they added the drones and emergency services vehicle back in, the total would be about $100,000, which he said he had told the Board member that amount would probably come out of the School budget. He noted that the Board member told him that was not a problem, and they could make that work. He commented that there was some room if they had anything they wanted to reconsider.

Mr. Rutherford said they had discussed possible grant opportunities for the drones, and some firefighters had indicated that there was specific training necessary in those certifications.

Ms. McGarry stated that they learned from Jeff Brantley that Skyline Roofing could come in and do all the repairs for the leaks mentioned, and overall they thought the roof was in really good shape, so he didn't think any funding was needed for a courthouse roof repair.

Ms. McGarry confirmed that the School Division would have a 12 percent increase in health insurance for the upcoming fiscal year. She commented that they had budgeted for a 15 percent increase and it ended up being 12 percent.

Staff clarified that the drones would have been $27,000, so that would free up some money, and they would add the ECC vehicle back in at $54,000. Ms. McGarry noted that the $38,000 in Animal Control was for a part-time shelter attendant position that had been requested, which would be a recurring expense. She said she did not feel the position was necessary at this time because they recently got the full-time shelter position in addition to the existing shelter manager position.

Ms. McGarry noted that the Electoral Board's requested cart may be eligible for grant funding.

Mr. Rutherford asked if Gladstone Seniors were still going strong on meals, as well as Rockfish. Ms. McGarry confirmed that they were. She noted that Gladstone's location and proximity to other counties meant they were probably serving some non-Nelson residents. Dr. Ligon and Mr. Rutherford agreed. Dr. Ligon noted in her visits with the Gladstone Seniors, they were also preparing meals for homebound Nelson residents.

Mr. Rutherford asked for clarification on the governing aspect between the recreation department, the County, and the foundation for the Blue Ridge Tunnel Trail.

Ms. McGarry explained that the foundation deals primarily with the historical side, although they do raise money for small things like a freestanding plaque. She noted that the County was responsible for maintenance and the bricks/mortar of it.

Board members discussed the potential there for revenue generating from flashlights, water bottles, etc.

Mr. Parr indicated that someone in Waynesboro makes hats with lights, stickers, and the like for the Tunnel—which made him wonder who owns the copyright, if anyone.

Ms. McGarry said at one point when they were working on getting grants and thinking about the future of the tunnel, they talked about turning it over to the state or National Park Service or another entity.

Mr. Rutherford said that's a great idea from a liability perspective as well. Ms. McGarry noted that no research had been done to explore those options yet.

The Board discussed the idea of a vending machine set up for flashlights and other items. Dr. Ligon noted that the revenues may not pay for a permanent restroom facility but it could help to maintain them.

The Board discussed the need for improvement with the GIS system.

Ms. McGarry responded that they are getting a new one and recently switched companies, and the new one should be more user friendly and have enhanced functionality.

Ms. McGarry stated that staff would have a resolution for 2026 tax rates at their meeting in April, as well as the resolution for the Personal Property tax relief percentage distribution. She also clarified that if they were to advertise a public hearing on the tax rate, they could not go up at the public hearing, but they could go down. She said they could make any changes to the budget they advertise for public hearing, in regard to increases or decreases. She said that over the next week or so, the Commissioner's office would be getting the personal property tax values loaded, so they'll have a clearer picture for 2025, which she can then plug into the model for estimating FY26 revenue.

IV. OTHER BUSINESS (AS PRESENTED)

There was none presented.

V. ADOURN AND CONTINUE TO APRIL 1, 2025 AT 10 A.M. FOR A BUDGET WORK SESSION

At 11:13 a.m. Mr. Rutherford moved to continue their meeting to April 1, 2025 at 10:00 a.m. and Dr. Ligon seconded the motion, which passed unanimously (4–0) by vote of acclamation and the meeting was adjourned.

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 10:00 a.m. in the Former Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston, Virginia.

Present:

Ernie Q. Reed, Central District Supervisor – Chair
Dr. Jessica L. Ligon, South District Supervisor – Vice Chair
Jesse N. Rutherford, East District Supervisor
J. David Parr, West District Supervisor
Candice W. McGarry, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Grace E. Mawyer, Director of Finance and Human Resources

Absent: Thomas D. Harvey, North District Supervisor

I. CALL TO ORDER

Mr. Reed called the meeting to order at 10:06 a.m. with four (4) Supervisors present to establish a quorum. Mr. Harvey was absent.

II. 3/25 WORK SESSION FOLLOW-UP

Ms. McGarry said that on the expenditure side, they were looking at the MACAA emergency assistance program, which she had obtained a printout for from their website. She stated that Margaret Clair has said there is currently no onsite staffing at the Nelson Center, and it has been at least two years since they have had anyone there, as they operate out of Charlottesville. Ms. McGarry said that for FY24, MACAA reported awarding $6,261.60 for emergency service assistance services in Nelson County; so far for FY25, they've expended $1,100 for 23 households, which she said seems rather strange at this point if reporting for the current fiscal year. She noted that staff could try to get clarification on that. Ms. McGarry said their applications are taken via a 24/7 client kiosk, which is a web portal, or in person during walk-in hours at their Charlottesville location—Tuesday, Wednesday, and Thursday from 10:30 a.m. to 1:30 p.m. She indicated that they also do applications at the Fluvanna Food Pantry.

Ms. McGarry said that Ms. Clair had sent information regarding the Family Assistance Grant Program that NCCDF did in 2023: It was a 12-month program; they received grant funds of $72,000, of which $12,000 went towards administrative costs, or approximately 16.7%; and they received 147 applications from 115 families, totaling nearly $76,000. Ms. McGarry stated that there were also some program qualifiers, including that families had to be at 80% average median income and had to show proof of identity, income, and financial crisis, such as overdue bills, shut-off notices, etc., and support was limited to $1,000 and/or two requests in 12 months per family. Ms. McGarry said the funds could be for utility bills, rent or security deposits, real estate taxes, medical bills, as well as some Food Lion cards.

Ms. McGarry said NCCDF made payments 133 times for 95 families, 25 of whom were return recipients. She stated that most of the payments went towards utilities—with 90 utility payments and an average payment of $418.40, totaling $37,656. She stated the next highest was rent or security deposits, then food cards, medical bills, and taxes. Ms. McGarry said the total was 133 payments, with an average of $515.01, and total payments of $55,640.29. She noted that Ms. Clair said she would need to look at the administrative costs and how it would all work, but she thought it could be similar to this 2023 grant program administered. Ms. McGarry said with the $25,000 in funds, they would likely lower the limit to $500, provided once per family over 12 months, but Ms. Clair said she would still need to put in a little more thought on the program.

Ms. McGarry said she had recently received more refined pricing for the ECC vehicle, along with an update on increased costs. She stated that the Ram truck under consideration came with the special service vehicle group, the bed convenience group with LED lighting and a bed liner, and the chrome appearance group, which does include some chrome detailing, but primarily features additional power outlets designed for cab workspace such as laptop use, and an inverter.

Ms. McGarry reported that the subtotal for the vehicle was $45,408, and they also received quotes for the camper shell and installation at $2,451, and a thousand-pound 75% pullout and installation quoted at $1,730. She said the overall equipment estimate was $10,000, reflecting reuse of some equipment from the current vehicle, and the graphics estimate was $1,750. She noted that the total amounted to $61,339, and they would need a purchase order by April 4 to get that vehicle pricing. She noted that the current vehicle was out of service and unable to pass inspection, and she had spoken with John Adkins that morning, who had discussed the situation with Curtis Sheets who mentioned the possibility of a surplus Expedition that could be used until the new vehicle was ready. Ms. McGarry estimated that it would take about six months before the truck was ready, noting the time for delivery, as well as upfitting.

Mr. Rutherford asked when staff could get some input from staff on GPS tracking.

Ms. McGarry responded that she had already gathered some information on that but would need a couple months to finalize and present the information.

Ms. Margaret Clair joined the meeting and stated that she would need to connect with a former staff member who worked for MACAA for many years, noting she could get more information on the emergency services provided by MACAA. She shared some of the emergency assistance program parameters, stating that it has been proven that recipients of cash funding use it in positive ways such as food, transportation, education, and utilities. Dr. Ligon liked the fact that with NCCDF handling the program, people were not having to travel out of County to receive assistance during limited hours. Ms. Clair noted that they would not have someone in their office to do this full-time, because it would use up all the funds. She explained that with NCCDF's program in 2023, the part-time person was in the office a few days per week, and people got used to the schedule. Ms. Clair noted if there was an emergency situation like someone getting their electricity cut off, and it was a day when the part-time person was out, she was typically the one who stepped up to handle it.

Mr. Rutherford suggested that if they were to target just utilities, that would help a lot of constituents, as opposed to a lengthy list of options for assistance. Ms. Clair reported that only one person applied to use funds for a security deposit. She confirmed that the majority of the funds were used for utilities.

Mr. Reed stated that if the Board decided not to fund MACAA's emergency assistance program, he wasn't sure how the program could come back, and it would likely become part of the Community Development Foundation going forward. He said it may be more efficient and direct this way, and he didn't know how NCCDF felt about this becoming a permanent program to administer.

Ms. Clair responded that she had not yet presented it to her board. She said the foundation had played several different roles over time, and she did not feel that this program was outside of their mission. She commented that there are a lot of regional support organizations with a presence in the County—but not actually a lot of local support. Ms. Clair noted that she did not apply for the Family Assistance Grant Program again because she thought MACAA was going to come back. She commented that the reason they went after the grant in the first place was because COVID supports were getting pulled and electric bills were going to be massive because people did not have to pay their electric bill for a long time. She noted that they had seen a couple thousand-dollar electric bills.

Mr. Rutherford said that MACAA had a lot of redeveloping to do. He commented that Dr. Ligon had suggested that the best thing they could do in that situation was to narrow it down to the things they do, do them well, and then expand. He stated that he felt the Pioneer program and after-school programs would have Board support, but he would like for the emergency assistance funding to be utilized by a local organization in the interim. He added that he suggested narrowing it down to utility bills, because utility bills remain a top concern for people throughout the community.

Mr. Rutherford said if people can't afford their utility bills, they also likely can't afford other things. Ms. Clair said in a lot of cases people will wait on the utility bill because they know they will get help and they store it up for heat assistance. She said they can put limits on the amount and frequency of allotments, and perhaps they can survey recipients afterwards. Mr. Reed asked if it was important to prioritize the types of assistance that would be provided. Ms. Clair said they should limit it because people will come in for anything. She said that she did not think it would be for housing and medical, she thought there was still DHCD money out there for rent assistance. She commented that they did not want someone losing their kids because their electricity was cut off. She said she did not like the fact that they needed to have a cut off notice, because that did affect the person's credit negatively and it was hard to come back from that.

Mr. Rutherford and Dr. Ligon stated that they would like Ms. Clair to approach the NCCDF Board and gauge their interest.

Mr. Reed commented that they've already put MACAA on alert, and he thought that MACAA would certainly understand that the County is trying to provide services as best they can.

Ms. Clair agreed to present it to her board and asked if there would be a total cap of $25,000, with an award limit of $500.

The Board confirmed those limits and said NCCDF could recommend different individual limits if desired.

Ms. McGarry confirmed that budgetarily, they would be reducing MACAA by $25,000.

Ms. McGarry said they needed to express a preference for the animal control vehicle replacement which the funds were to now be utilized for the Emergency Services truck, which was estimated at $51,000 and adds about $10,000 to the capital outlay budget, and confirmed that it is about $13,000 less than what was originally proposed for the SUV.

Ms. McGarry confirmed that the Schools had proceeded for the four (4) school buses.

III. FY26 BUDGET WORK SESSION

a. Staff Updates (as presented)

There were no specific updates, and Ms. McGarry suggested reviewing the other fund budgets and then circling back to the General Fund budget.

b. Other Fund Budgets
   1. Piney River Water & Sewer

Ms. Mawyer stated that the County owns a portion of the water and sewer system in Piney River, which is operated by the Nelson County Service Authority. She said the system is typically self-sufficient, and due to multiple equipment failures and repairs within one of the pump stations over the last three years, a full replacement of that pump station has been recommended. She stated that in FY25, a transfer of $350,000 from the General Fund to the Capital Outlay line and the Piney River fund was included for this purpose. Ms. Mawyer stated that to date, work totaling $26,875 has been expensed for this purpose, so she is suggesting that the remaining $323,125 be carried forward to FY26 for the remaining work needed.

Ms. McGarry reported that the pump station was currently down, as of the evening prior, so pump and haul operations were taking place. Mr. Rutherford asked why replacement had not proceeded. Ms. McGarry indicated that the pump station had been running well since the funding transfer.

Ms. McGarry said that pricing has been obtained for a new pump station, and Jeff Brantley indicated some engineering work might be necessary to ensure proper installation. She explained that it was not simply a matter of assembling the pump station and having it begin operation; some preparatory work must be done to guarantee it will meet requirements and fit in the location of the current pump station. Ms. McGarry said that Falwell was going to be onsite to inspect the pumps. She stated the pumps currently in place are fairly new, and there may be a warranty applicable to them. She commented that it is unusual for both pumps to fail simultaneously; normally, only one pump encounters issues.

Ms. Mawyer said that the FY26 Piney River budget is balanced at $513,033, a decrease of $51,875 from FY25 due to no transfer being budgeted from the General Fund. She said as of March 26, the system serves 206 total customers; 5 have water service only, 101 are sewer only, and 100 have both water and sewer services. Ms. Mawyer said the sewer-only base rate per month is $38.60, which includes the $9 grinder pump fee, and she noted that not all sewer service customers have grinder pumps. She stated the base rate for water-only customers is $29.90 per month, making the combined water and sewer base rate $68.50 per month. She noted that they have discussed the possibility of increasing those rates in the future.

Ms. Mawyer reported that delinquent accounts are subject to the County's collection policy, established in 2016, and accounts are considered delinquent when they are 90 or more days overdue and have a balance of $300 or more. She said delinquent account holders are sent notices and given 10 business days to return full payment in order to avoid legal action. She said the next step for accounts remaining 90 days in arrears without a payment plan, is turning them over to the Treasurer for collection procedures; accounts considered uncollectible by the Treasurer will have a lien filed with the circuit court clerk against the property, including eight percent (8%) interest on the delinquent charges until paid in full. She said delinquent accounts FY25 to date represent only about one percent (1%) of the total customer accounts.

Ms. Mawyer stated that FY26 expenditures are proposed at $513,033; notable proposed increases in expenditure projections include finalizing the replacement of the pump station, which is the remaining $323,125. She said there are also increased costs of postage and grinder pump repairs and replacements.

Dr. Ligon asked what the life of a grinder pump is and if $9.00 a month is covering it.

Ms. McGarry responded that it is not covering those costs, and sometimes they can just change out the core of it, so it's not as expensive as a full grinder pump.

Dr. Ligon asked what it costs them yearly to run Piney River water and sewer.

Staff confirmed that the cost is $189,908 and noted that this is a break-even operation, not a moneymaker.

Mr. Rutherford commented that one of the ultimate goals they should have as a County is getting out of this business and the Service Authority absorbing it. He said the Service Authority has echoed countless times that they are concerned for the maintenance of the system and the lack of consistency with the rates compared to the rest of their systems. He said about seven years ago, the Board indicated they wanted both of those things handled and made a huge effort in paying off their Piney River debt. Ms. McGarry noted that the pump station replacement also was a big piece of that.

Ms. McGarry mentioned that they added the granular-activated carbon (GAC) system for the treatment, and she agreed with the Board’s suggestion to converse with Service Authority staff about developing a succession plan for this.

Ms. Mawyer noted that they amended this budget because they had to bring $25,000 over from the General Fund to cover a lot of grinder pumps, noting that the pumps don’t do well when there are storms.

Ms. McGarry confirmed that they would be working on proposed rates to bring to a public hearing as soon as they could. She noted that they would check to see if they could advertise phased rate increases.

Mr. Parr reminded the Board that at their last meeting, they discussed not having public hearings every year but instead increasing in phased steps, setting a five-year plan that would help users prepare.

Mr. Rutherford noted that for sewer only customers, unlike water customers, you cannot turn off sewer. He commented that the only option for the County would be to put a lien on the property.

2. Broadband

Ms. Mawyer reported that the Broadband Fund used to be considered by the Broadband Authority, but now that it is dissolved, it is included as one of the proprietary funds. She stated that prior to FY21, Nelson County owned and operated the middle-mile fiber broadband network, which was governed by the Broadband Authority; in mid-FY 20, the fiber network assets were transferred to Central Virginia Services, Inc. (CVSI), a subsidiary of Central Virginia Electric Co-op (CVEC), as part of their fiber deployment project within their County service areas. She said the County retained ownership of towers and related assets for continued operations.

Ms. Mawyer said the network is self-sufficient and in FY26 does not require support from the General Fund. She stated that the FY26 fund budget is balanced at $273,638, a slight decrease of $2,500 from FY25. Ms. Mawyer said this is largely attributed to reduced expenditures, such as insurance, but now the County covers the insurance instead of the broadband fund, and the County no longer pays the mileage and fees for Board members, so those expenses decreased. Ms. Mawyer said the fund also has a healthy balance. She stated that operational expenses are anticipated to be $47,000, while revenues are higher at $160,000. Ms. McGarry confirmed that they had annual increases to the rates.

Dr. Ligon asked if they should be trying with future lease agreements to generate income to replace that equipment.

Ms. McGarry responded that the equipment belongs to the carrier, such as Verizon, who pays a col-location fee to have their equipment on the tower. She confirmed that the $20,000 expense noted was related to the generators or “huts” with the towers that contain the generators and racks utilized. She said she was not sure if the County owns the land or has a ground lease at Martin’s store; Gladstone Fire and Rescue has a tower; and the County pays Rockfish Fire and Rescue annually a share of the tower lease revenue that AT&T pays the County—which has come in right under $11,000 for the past few years, with an escalation built into the contract. She noted that when she was in the finance director position, that amount went up, and staff stays on top of those changes.

Mr. Rutherford commented that historically, the Board hasn’t been directly involved with the Broadband because it fell under the purview of the Broadband Authority, and all the tower money went to expansion.

3. Debt Service

Ms. Mawyer stated that for debt service, the County pays principal and interest for both the County and school-related debt out of the Debt Service Fund. She said a corresponding transfer from the General Fund to the Debt Service Fund is made at the beginning of every fiscal year to facilitate these payments.

Ms. Mawyer stated that the total school and County debt service payments for FY26 will be $2,734,978. She said total debt balances at the beginning of FY26 will be $30,977,000. Ms. Mawyer stated that total debt service payments for FY26 are an increase of $706,874, or about 35 percent from FY25. She said the FY26 Debt Service Fund contains a Debt Service Reserve of $4,049,095.

Ms. Mawyer stated that this reserve includes an additional $221,378 from the Debt Service Fund balance as reported in the FY24 audit. She said for County Debt Service, the FY26 payments will total about $1.2 million, an increase of $2,347 or 0.2 percent from the current year. Ms. Mawyer stated that this net increase is associated with defining interest payments on the current debt being slightly less than the increase in principal. She said at the beginning of FY26, total County debt balances will be $6,765,000. She said this consists of debt for the 2013 and 2015 additions and renovations for the courthouse project, the judicial, sheriff and court wings, and the circuit court administration areas. She said the total also includes the 2018 Nelson Memorial Library expansion project and the Larkin Property Lease Revenue Bond Anticipation Bill.

Ms. Mawyer stated for school debt service, the FY26 payments will total $1,542,790. She said this is an increase of $704,000, or 84 percent from FY25, and is mostly due to the scheduled first interest payment for the VPSA bond issued for the NCHS renovation project. She said the school debt balance at the beginning of FY26 will be $24,212,000. Ms. Mawyer stated this consists of the 2012 VPSA loan balance of $2,487,000 and the full balance of the newest VPSA bond, which is $21,275,000. She said this first interest payment caused a significant increase in the school debt service payment.

Mr. Parr asked if the $704,527 was all related to that increase. Ms. Mawyer confirmed that about $697,000 was, for the first interest payment. Mr. Parr said that allocating $600,000 for that project last year took about $10 million out of capital improvement projects, and this $700,000 is a bigger number than he recalled.

Ms. Mawyer noted that there is a listing in the packet of their beginning debt balances for FY26, as well as $696,000 for next year and other debt for schools with interest and principal in August totaling $846,000.

Ms. McGarry stated that the bond anticipation notes for the schools flow through the County's budget, but the permanent financing—the VPSA funds—will flow to them directly. She explained that when they advertise the budget for public hearing, they want to include the Schools' permanent financing, which will go in their capital budget. She added that the debt service is reflected here but not the projects themselves.

Ms. McGarry reminded the Board that the debt service strategy is to just maintain a level transfer to debt service of the $3,325,284, and as current debt payments decline, they recapture that within the reserve to pay for the debt capacity of $35 million overall—so any debt they assume up to that $35 million amount is already budgeted for and wouldn't require any new funds.

Dr. Ligon asked if the balance is invested.

Ms. McGarry confirmed that it is, stating that even though it's a separate fund, it is part of the overall fund balance that gets invested; the same is true for the Broadband Fund. Dr. Ligon asked whether the roughly $300,000 allocated for the pump station was also still invested. Ms. McGarry noted that she was pretty sure that it was since it was a proprietary fund, but she would check.

4. Capital Fund

Ms. Mawyer stated that the Capital fund was created to segregate larger capital projects from the General Fund and currently provides a holding place for capital reserves of $300,500, which has been set aside by the Board of Supervisors for remediating the building envelope at Tye River Elementary School. Ms. Mawyer stated that FY26 expenditures are proposed to be about $8.9 million, including the Capital Reserve of $300,500. She said the expenditures also include items related to the high school and DSS projects, which were financed through the bond anticipation notes (BANs), and the balance of the high school renovation project BAN is $1,474,037.

Ms. Mawyer said the balance of the DSS building project BAN is $543,502, and the County will pursue permanent financing for the remaining $6.6 million in expenditures needed for the remainder of the DSS project. She said the FY26 revenues are proposed to be about $8.9 million, utilizing a year-ending balance of $300,500.

Ms. Mawyer said the bond proceeds related to both BAN projects and permanent financing of the DSS building project are also included.

Ms. Mawyer said this fund has been set by accounting standards as an assigned balance within the General Fund and therefore is not considered when calculating unassigned General Fund balance. Ms. Mawyer stated that if this fund would not be appropriated in FY26, these funds would become unassigned within the General Fund.

Ms. McGarry stated that they had a capital reserve that was unallocated totaling $419,730, which they used toward the purchase of the new DSS building site. She said they paid cash for $419,730 of the $775,000 and financed the rest through the BAN. She said while we don't know exactly what the cost of the DSS project is, they have some estimates they used to build the capital fund budget, which should prevent doing a major budget amendment for that purpose.

5. Textbook Fund

Ms. Mawyer reported that Assistant School Superintendent Shannon Irvin has requested an appropriation of the FY26 school textbook fund in the amount of $556,868, inclusive of $329,950 in the textbook fund balance. She explained that the the school textbook fund is balanced at $556,868, which is a decrease of $172,669 from FY25. She said expenditures are anticipated to be $556,868 in school textbook payments and related technologies, with revenues primarily being a supplement from school operations of $226,918. Ms. Mawyer noted that anticipated FY25 carryover funds of $329,950.

Ms. McGarry emphasized that these funds are not coming from the General Fund, the Board just has to appropriate them as part of the overall budget.

6. Cafeteria Fund

Ms. Mawyer reported that Superintendent Hester has requested an appropriation of the cafeteria fund balance of $391,628. Board members commented that this is a huge jump at 62%. Mr. Rutherford asked if it could possibly be related to food costs. Ms. McGarry responded that the Schools had not provided detail in their request letter. Ms. Mawyer noted that the number has kind of jumped around in the past.

The Board briefly discussed additional budget items:

Ms. Mawyer reported Virginia Public Assistance (VPA) numbers were not yet finalized, and staff would follow up. Ms. McGarry noted that this was for Social Services. She explained that they were reviewing some of the transfer information. She said they were not quite sure if a three percent (3%) salary increase was included, and there was a difference between what was shown as their amended budget for this year and what the County had.

Ms. McGarry asked if the Board wanted to review any of the things that had been taken out of the budget so far. She noted that there were some items that she may want to revisit adding back in that had been reduced from some of the departments. Mr. Rutherford asked if these items were on a non-recurring basis, or a recurring basis. Ms. McGarry indicated that there was some of both.

Ms. McGarry noted that Judge Doucette had asked for a salary increase for his assistant totaling $12,771, beginning in the new fiscal year, which she had backed out of their department request. She indicated that no formal written budget request or additional details had been submitted. She confirmed that this position was going to receive the three percent (3%) increase. She indicated that the $12,771 amount was a 20 percent increase, plus benefits. The Board agreed to have Judge Doucette attend a meeting later in April to discuss the request. Ms. Mawyer explained that in her calculations for a proposed three percent (3%) increase for staff, she had included for the judicial assistant position, the increase requested by Judge Doucette, but she did not include an additional three percent (3%) on top of that. It was agreed by Board and staff that if the assistant were to receive a 20 percent increase, she would not also get a three percent increase. Ms. McGarry indicated that the position was included in the County's salary study, so that pay should be about the market rate. The Board agreed that it would be good to make Judge Doucette aware of the salary study and invite him to the Board meeting later in April.

Ms. McGarry reported that in terms of recurring things, Buildings and grounds budget was reduced by $19,560 and Waste Management was reduced by about $10,000. She noted that she would not mind revisiting those items if the Board agreed to do so.

Ms. McGarry noted that they would need to start spending some money on needed building improvements at Building Inspections if personnel were going to remain in place.

Ms. McGarry suggested that security gates at the Blue Ridge Tunnel may be good to consider. Mr. Rutherford asked if the Foundation was doing any fundraising. Ms. McGarry noted she was not sure. Mr. Rutheford suggested that the County ask the Foundation to doing some fundraising, he noted that he was not saying they should charge for people to visit the tunnel but he wanted to acknowledge that the tunnel was costing the County staff and time. Dr. Ligon commented staff was at the tunnel a lot. Ms. McGarry commented that having at bathroom facility at the tunnel would be great, but then that would add to the maintenance and upkeep. Mr. Parr noted that having the bathroom facility would take away the expense of the porta johns.

Mr. Rutherford noted he was amicable to the security gate at the tunnel, he noted that it was an attraction that brought in visitors and revenues for our constituents and neighboring businesses. He said that if they were to add the security gates, he would only be interested if Waynesboro was willing to pay half. He noted that if they decided to add the restrooms in the future, he would also want to talk with Waynesboro. Ms. McGarry noted that the restroom was only at the Eastern trailhead which was on the Nelson side. Mr. Rutherford noted that Waynesboro could still contribute. Mr. Rutherford said that Waynesboro had benefitted tremendously from the tunnel, and as far as he knew, they had not contributed any funds towards it. He suggested that the cost of added improvements should be shared with Augusta and Waynesboro. Mr. Parr said that if they were placing something on the Western end of the tunnel trail, then they should absolutely contribute, but if it were just on the Nelson side, then he did not think that should be shared. Dr. Ligon asked about honor system paid parking like what is done at Crabtree Falls. She noted that there were improvements needed at the eastern parking lot. She noted the Waynesboro side was paved. Mr. Rutherford and Ms. McGarry noted that was paid through grant funds for the project. It was noted that Waynesboro and Augusta provided letters of support for the project. Mr. Rutherford noted that the bus parking was on the Waynesboro/Augusta side of the trail, which meant places like Basic City benefited. He suggested that it be presented to Waynesboro and Augusta as a request for assistance with improvements to continue to allow people to visit the tunnel free of charge. Ms. McGarry agreed that those conversations could be had.

Mr. Reed agreed that the parking lot needed improvements, and he thought that would be a good time to implement parking fees. Dr. Ligon noted that Crabtree Falls had two drop boxes for fees, as well as a machine for credit card payments that prints parking passes. Mr. Rutherford suggested considering annual bus permits. Mr. Parr and Mr. Rutherford noted the potential greenway connections into Waynesboro and Crozet that would bring even more visitors. Dr. Ligon noted she understood the security gate. She asked how many issues had occurred at the tunnel trail. Staff noted that multiple raves had taken place in the tunnel without permission. Ms. McGarry commented that surprisingly no evidence had been left behind. Ms. Spivey noted that these events occurred prior to the addition of the cameras at the tunnel. Ms. McGarry noted that the proposed gates were electronic as opposed to being manually opened and closed by staff. Ms. Mawyer indicated that the gates would be on a timer to open at sunrise and close each day at sunset. Mr. Rutherford reiterated that they needed to reach out to Waynesboro and Augusta. He noted with the possibility of connecting to Albemarle, they needed to consider what the future of the tunnel trail looks like.

Additionally, Ms. McGarry reported that in FY27, the County would start having a full debt service payment included with the jail payment for the renovation, ramping that payment up to about $386,000 in FY27 versus around $50,000 in FY26. Ms. McGarry explained that this did not count as part of the County's debt service as it was the jail's debt, but the County paid its share of that debt through the General Fund.

Ms. McGarry also reported that the Recovery Court grant would run out in the next few years, but they may be able to extend that out further since they had not been usings the funds as quickly as they anticipated.

Ms. McGarry confirmed that they did not need to do anything further on the tax rates because they would remain the same for 2025. She noted that the Board would set those rates officially on April 8th by resolution. Ms. McGarry also reported that she was still working with the Commissioner of Revenue on the 2025 Personal Property Tax Book. She noted that the emergency services discount needed to be applied and the March DMV download needed to be added before they could determine what the percentage discount needed to be set at for Personal Property Tax Relief.

IV. OTHER BUSINESS (AS PRESENTED)

There was none presented.

V. ADOURNMENT

At 11:35 a.m., Mr. Rutherford moved to adjourn their meeting. Dr. Ligon seconded the motion, which passed unanimously (4–0) by vote of acclamation and the meeting adjourned.

Virginia:

AT A CONTINUED MEETING of the Nelson County Board of Supervisors at 1:00 p.m. in the Former Board of Supervisors Room located on the fourth floor of the Nelson County Courthouse, in Lovingston, Virginia.

Present: Ernie Q. Reed, Central District Supervisor – Chair
Dr. Jessica L. Ligon, South District Supervisor – Vice Chair
Jesse N. Rutherford, East District Supervisor
J. David Parr, West District Supervisor
Candice W. McGarry, County Administrator
Amanda B. Spivey, Administrative Assistant/Deputy Clerk
Grace E. Mawyer, Director of Finance and Human Resources

Absent: Thomas D. Harvey, North District Supervisor

I. CALL TO ORDER

Mr. Reed called the meeting to order at 1:04 p.m. with four (4) Supervisors present to establish a quorum. Mr. Harvey was absent.

II. CLOSED SESSION PURSUANT TO §2.2-3711 (A)(1)

Dr. Ligon moved that the Nelson County Board of Supervisors convene in closed session to discuss the following as permitted by the Virginia Code Section 2.2-3711 (A)(1) – "Discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body," – Personnel. Mr. Parr seconded the motion. There being no further discussion, Supervisors approved the motion unanimously (4-0) by roll call vote.

Supervisors conducted the closed session and upon conclusion, Mr. Parr moved to reconvene in public session. Mr. Rutherford seconded the motion and there being no further discussion, Supervisors voted unanimously (4-0) by roll call vote to approve the motion.

Upon reconvening in public session, Dr. Ligon moved that the Nelson County Board of Supervisors certify that, in the closed session just concluded, nothing was discussed except the matter or matters specifically identified in the motion to convene in closed session and lawfully permitted to be discussed under the provisions of the Virginia Freedom of Information Act cited in that motion. Mr. Parr seconded the motion and there being no further discussion, Supervisors voted unanimously (4-0) by roll call vote to approve the motion.

III. FY26 BUDGET WORK SESSION

Ms. McGarry indicated that the two items being discussed during the meeting were School Funding and MACAA funding. She noted that they wanted to make sure they were clear on the MACAA funding. Mr. Rutherford asked if the $25,000 had been taken away from MACAA. Ms. McGarry noted that shift in funding would just need to take place in the budget documents and it would not affect the bottom line. Mr. Rutherford confirmed that he was fine with that $25,000 going to the program proposed by the Nelson County Community Development Foundation. Mr. Parr noted that Ms. Clair had initially asked for $30,000, but said that she could make $25,000 work. The Board was in consensus for the movement of $25,000 in funds from MACAA to NCCDF for the Family Assistance Program.

a. School Funding

Ms. McGarry stated that part of their discussion today would be consideration of shifting some of the funding from the $1 million dollars for operations to another school bus.

Mr. Parr said that they have never held in-depth conversations about the school's budget—even though it makes up 55% of the County's budget—so while they've had a presentation on it, they have not as a Board discussed any adjustments they would like to make. Ms. McGarry noted that it had generally been discussed and staff had tried to prompt the Board to discuss it. Ms. Parr said they have not gone through the School budget, line item by line item, like they do with every other budget. He noted that as a Board, they have not discussed any adjustments that they would like to see.

Mr. Reed stated that if there were concerns, they should have been brought up prior to the public hearing so citizens would know what they as a Board intended.

Mr. Parr commented that if they are going to use words like "should have been," then Mr. Reed as chairman should have brought up the School Board's budget in one of the Board meetings to discuss. Mr. Reed said that the School budget was brought up. Mr. Parr said it was not talked about in depth, and it was 55 percent of the County's budget. He cited an example of the superintendent giving herself a more than 4.49% raise when a memo from the School Division stated that all administrative employees were getting 2.61%—effectively increasing her salary from $171,000 to $179,273. He noted that there were employees in the School Division who were getting a 2.5% raise. Mr. Reed stated that it was the School Board who gave the superintendent the salary increase, not the superintendent.

Mr. Parr stated that he was on the School Board for 16 years, noting that he knew how the School budget worked. He explained that the assistant superintendent and superintendent develop the budget and give it to the School Board to approve. He noted that he was citing the salary increase as an example of where he thought there were opportunities, and why things are done in that budget. He commented that there were other people who were at around two percent (2%), and the athletic director and trainer are given roughly eight percent raises. He said he was frustrated because the salary increases were advertised as three percent for support staff, 2.9 percent for teachers and 2.6 percent for administrative staff, but when you get into the budget, those are just averages because there are some numbers that are much higher than that. He confirmed that the Board did not dictate how the School Division used their money, the Board provides a flat dollar amount. He noted a 5.2 percent increase for the Director of Instruction's salary. He added that the $314,296 he found on the surface could provide for two buses. He commented that there was still room in the School budget to function. He felt that there was definitely room in the budget to allocate $150,000 for an extra bus and move it to capital. Mr. Reed agreed that the Schools could definitely use an extra bus. Mr. Parr clarified that he is not advocating taking $300,000 away from schools and putting it in the General Fund.

Mr. Rutherford recalled that after their joint Board of Supervisors-School Board meeting, they had directed staff to have correspondence with the Schools about what they can do to establish $150,000 as a recurring bus fund. He said that he has been in conversations with his School Board member, and he asked if others had done the same. Mr. Parr responded that he reached out twice to George Cheape trying to get a meeting and has not received a reply. Dr. Ligon confirmed that she had spoken to Ceaser Perkins and Mr. Reed noted he had spoken with George Cheape. Mr. Rutherford noted that they needed to speak to everyone. Mr. Reed commented that Mr. Cheape been the one to suggest a $150,000 bus fund as a possible solution to the school bus issue.

Ms. McGarry said she did talk to Dr. Hester about it, and the School Board had discussed at their meeting the previous week the need to identify $150,000 to create the funds for another bus, as the Board of Supervisors had suggested. She noted that the School Board did not go into detail on what that would look like, other than they would need to start looking at it.

Mr. Rutherford stated that he has interacted with both school staff and School Board members, and he surmises that because buses are in operating this year instead of capital, they had misinterpreted this as a recurring fund. He suggested that they needed to replace at least four buses per year, probably five per year to catch up on a replacement schedule. He said if they could come up with a fund He said the goal is for them both to utilize non-recurring funds to bridge that gap the following year, such as cost savings related to salaries. He said this might not necessarily be part of a recurring bus fund, but it helps bridge that gap.

Ms. McGarry said that in the past, if the Schools had leftover funds at the end of the year, they've come back to the Board to ask about using that for a specific purpose—which she did not think needed to change.

Mr. Rutherford agreed, adding that they needed to start pricing in something into permanency, which the County did not have the funds this year to be able to price in an additional bus yet until the next budget session. He emphasized that the Schools should be able to carve $150,000 out of a $33 million budget in the short term, but he also wants the Schools to come back with a strategy for a recurring bus fund that also contemplates inflation. He added that ideally, they would manage the fund, but the County could also do that if needed.

Dr. Ligon expressed concern about other big-ticket items in the next two years, one of them being the HVAC at Rockfish, which probably will have to be addressed this coming fiscal year— she said the Board is actually asking them to find $1,150,000 when also considering the $1 million for the HVAC.

Ms. McGarry said it's likely that will have to be financed in some way, given that level of funding, although there might be some cash on hand.

Mr. Reed pointed out that with the Title I, III, III, and IV funds, it's very possible that the Schools will end up with a significant shortfall from that area, and they are not going to have flexibility if they are on the hook for the $150,000 as they may need that to uphold basic staffing and services. He added that he is in favor of looking into allocating $150,000 as a one-time bus purchase, and noted that management of a long-term fund depends on who wants to have the authority. Mr. Rutherford said he preferred for the Schools to manage the bus fund so that County staff were not overburdened. Dr. Ligon commented that they had not been purchasing buses. Mr. Rutherford and Mr. Parr noted that the Schools used grant funds to purchase electric buses. Ms. McGarry indicated that the Schools only purchase buses if the Board gives them money for the buses.

Dr. Ligon mentioned the use of electric buses and how disastrous that had been because the buses could not cover the entire route distance as expected. She noted that routes had to be changed as a result. She also commented that the colder temperatures affected the electric buses. Mr. Reed noted that the electric buses did not fit every scenario that the other buses could do. He said it was not a disaster but a limitation.

Ms. McGarry noted the federal funding issue that Mr. Reed brought up and said at the recent School Board meeting, they estimated a possible figure of $132,000 that could be lost in federal funding, which would mean $282,000 when coupled with the $150,000.

Mr. Rutherford asked about Title I funding for free and reduced lunches and whether that was impacted following COVID. Dr. Ligon responded that all kids currently get free and reduced lunches because of the number of them who meet poverty guidelines. Ms. McGarry clarified that the CEP impacts food services funding, and if the way that is calculated changes and it puts the County over a certain threshold, then not everyone would receive free lunch, and they would have go back to the free and reduced lunch application program in place previously. She added that her understanding is that it is breakfast and lunch for every student.

Mr. Rutherford commented that this was something perhaps that the community would be involved in, such as donations.

Mr. Reed suggested that they go back to the Schools and say that the Board's intention is to see a bus fund setup for one (1) bus per year, $175,000. He said that the options are that explain that either entity can set up the bus fund—but if the Schools elect not to, the Board wants to include it in the County budget this year. He said this would ensure that they get a bus but would not provide control of the fund, at least in the short term.

Mr. Rutherford said if they get one bus now and price in a few more over the next few years, that would take care of the issue. Mr. Reed agreed but said he does not want to give the perception that the Board would be backing out the cost of a bus from the regular School Board budget each year, and this would give staff time to discuss this with the Schools. Mr. Rutherford suggested that County and School staff interact, while Board members interact with the School Board members and bring back an update at the June meeting. Mr. Reed noted they were looking to continue the meeting to the following week. Ms. McGarry confirmed that the plan was for staff to come back to the June Board meeting with a plan on how the bus fund would work.

Ms. McGarry said School staff may need to meet with the School Board again before making that decision. She noted that the School Board meeting would take place after the Board of Supervisors meeting in June. She asked if there was interest in having the Schools attend the Board of Supervisors meeting the following week.

Mr. Parr commented that the Schools real budget work begins once the Board of Supervisors gives them a number. Ms. McGarry said it sounded like the discussion they were having did not change the School budget's bottom line. Mr. Parr agreed that was correct at this point. He commented that the Board doesn't tell the Schools how to spend their money, but there was money in there that was not needed.

Dr. Ligon stated that there are some local governments in which the Board of Supervisors does guide how the school funding would be spent, and Ms. McGarry confirmed that this was possible.

Dr. Ligon asked about the status of space needs for all of the departments located in the courthouse. She noted that one of the ideas, and the School Board was preparing themselves for the Board to say, that the School Board needed to find a new location. She indicated that when she spoke with Mr. Cheape, he said that the Board needed tell them something sooner rather than later, because the ideal time to relocate was summertime.

Ms. McGarry noted that staff was gathering that information and it would take time. She said they needed to know where the School Board office can go, noting that was the first domino. Dr. Ligon responded that the actual needs should be the first domino. Ms. McGarry noted that there was currently no other place for the Commonwealth Attorney's office to go to within the Courthouse, unless the ideal space is the School Board office. She said that the Commonwealth Attorney's office cannot move into that space until the School Board relocates somewhere else. Dr. Ligon stated that they were having "paralysis by analysis" and said that they just needed to know what the needs are. She asked to be presented with the needs so that they can then discuss some solutions.

Mr. Parr stated that staff shouldn't be taking on the responsibility of the Schools to find space. Dr. Ligon commented that they needed to know the needs of the Courthouse, not the needs of the Schools. Mr. Parr said they could be empathetic to the needs of the Schools, but they do not need to solve it. Mr. Reed suggested that both entities discuss it together to yield better options. Ms. McGarry noted that she had been discussing the issue with Dr. Hester. She said the School Board and staff needed to know what kind of timeframe they were working with.

Mr. Parr said in his mind, the timeframe was Summer 2026, as it definitely was not happening in Summer 2025.

Ms. McGarry clarified that the Board was looking for all the needs of everyone in the courthouse, not just the school division.

Mr. Parr commented that he felt it was a pretty obvious swap to have the Commonwealth's Attorney, Victim Witness, and possibly Recovery Court staff move into the School Board space, because they do utilize the Former Board Room for court needs. He noted that they did not need to involve the Commissioner of Revenue and Treasurer as they would not be moving. He suggested that they would then see what County office could relocate into the Commonwealth Attorney's current office space in the Jefferson building. He emphasized that the study needs to be on when the Commonwealth Attorney vacates that space, how they use it.

Dr. Ligon stated that she wants to make sure they look at the space needs comprehensively in the event that an office were to receive additional funding and positions. Mr. Rutherford suggested that they would likely get quick responses from departments like the Treasurer and Commissioner. Mr. Reed suggested that they say the draft timeline is Summer 2026.

Mr. Parr said they're not going to be expanding the building, and his timeline for the information is by end of December 2025, with plans in motion during Summer 2026. Mr. Reed suggested that they also consider what spaces may be appropriate for the School Board to relocate to. Mr. Parr contemplated whether all the school administrative staff members need to be housed under the same roof, as they have different functions. He suggested that some positions could easily be housed in the high school's CTE area as they oversaw that program. He noted that the School Superintendent and School Finance needed to be located together. Mr. Reed commented that JABA would be happy to sell the Nelson Center.

Ms. McGarry clarified that staff is collecting all the space needs for the courthouse, and the priority for School Division space needs is a timeline for action by next summer. She noted that the School Board had concerns regarding who would pay the cost for them to relocate. Mr. Reed noted that was something that would need to be discussed. Ms. McGarry said following the Commonwealth's Attorney vacating the current space, the priority is figuring out who will go in there and what could be done with any leftover space. She confirmed that the Sheriff's Department has suggested moving their investigative division into that area once the Commonwealth Attorney vacates the space. She asked if, in the meantime, they could look at any temporary measures to make the space for the Commonwealth's Attorney flow any better. Mr. Parr noted that if they made any changes to that space, the next office to occupy it may need a totally different setup. Mr. Parr and Dr. Ligon suggested that they make no changes for the time being.

Revisiting the school budget, Mr. Parr commented that the schools' presentation did not match up with some of their numbers. He said for example, the schools say they are adding an elementary teacher, an assistant principal, and a special education self-contained teacher—but they are also proposing a six-figure administrative position. He explained that the schools are using monies from unfilled vacancies in the current fiscal year that should be short-term expenses but instead it is earmarked for long-term plans. Mr. Parr mentioned a new truancy position that would be based on the high school, which would be permanent.

Mr. Parr said that while the school budget talks about a "2.9% targeted pay raise for teachers," there is a wide variance in what some positions are getting—up to 10.58% in some cases. He also mentioned the ZeroEyes membership at an annual cost of $72,000, noting that it is a radar system type of metal detector that can spot a weapon within three seconds. Mr. Rutherford said that type of equipment can also "expire" and require expensive replacement.

Mr. Parr reiterated that he was not one to rubber stamp a million-dollar request for increase in funding just because they say they needed it, and he had concerns about support staff making $15,000 a year and getting a tiny raise when administrators were getting big dollar amounts and big percentage increases. He said the Board does not control how the Schools allocate that money, but they do control the amount that they give.

Mr. Reed said he was sympathetic to what Mr. Parr was saying, but he disagreed because there were opportunities to bring this up earlier and have this discussion prior to putting a budget forth for the public—and no one took the opportunity to bring it up.

Mr. Parr responded that it's the chairman's job to direct the conversation, and he sat back and patiently waited for a school budget conversation, but that didn't happen until he specifically requested it. Mr. Reed said if Board members didn't bring it up when appropriate, that was not his fault.

Mr. Parr stated that it's appropriate now, as they have until June 30th.

Mr. Reed said the public would not have an opportunity to comment on this, nor does it give the schools an opportunity to respond.

Dr. Ligon pointed out that the public has the opportunity to speak at any meeting, and she noted that the turnout for the actual budget public hearing was nominal.

Mr. Parr noted that the difference between 3% and 4.49% with the superintendent's raise represented $2,554. He added that while the total amount may not be noteworthy, the principle behind this process concerns him. He said he was somewhere around $800,000, not $1 million, and then they could deduct a bus from that. Dr. Ligon emphasized that she is more "pro teacher" than "pro School Board" and it infuriated her to see the differences in raise percentages. She said she had a big problem with the amount of money that goes to administration, noting that was not just a Nelson County problem. Mr. Parr stated that he would rather see teachers and support staff receive a five percent increase, to include bus drivers, teaching assistants and cafeteria staff. Dr. Ligon noted that the support staff were our local people who have lived here a very long time.

Mr. Reed stated that he disagrees, as they have just gone through a self-performance evaluation, and the school is the biggest employer in the County. He said they have a large staff and a lot of responsibilities, and he felt that Dr. Hester, as the person in charge of that, needed to be rewarded for the good work that she does. He said in the same way that the County wanted to retain its top-level personnel, the School Board was in the same position with that and he was not opposed to the budget as presented.

Mr. Parr said that Mr. Reed has always voted in favor of fully funding the school budget, and while he understand Mr. Reed's educational background, he himself had been a School Board member for 16 years and knows that budget presented has room for adjustment—and if not, shame on the person who presented it, because you have to plan for things that might come up during the year.

Mr. Reed asked how the Board would like to proceed with this and whether they should meet with the Schools again. Dr. Ligon asked if the School Board could report on how things would work if they were to lose the Title I Federal Funding for School lunches and they have to revert back to the income based program. She asked if the Schools could provide what those costs would look like. Mr. Parr noted that he thought the Cafeteria Fund was always a self-supporting line in the budget prior to COVID and free lunch. Ms. McGarry noted that the Schools indicated that they felt they would not be affected by the CEP change in FY26, but it could be jeopardy for FY27. She noted that the Schools would still need to determine how to address that.

Mr. Reed asked the Board for their thoughts on inviting the School administration to the next meeting or if it would be more appropriate to tell the Schools the intention of the Board and have them report back.

Board members expressed concern that they already had several long meetings on the calendar, and at this point, the most helpful approach would be for the Schools to have a conversation about how they can make this work and report back to the Board. The Board also agreed that they should spend more time next year on diving into the School Board budget, as they spent significant time on things like EMS vehicles.

b. MACAA Funding

There was no further discussion on this item.

IV. OTHER BUSINESS (AS PRESENTED)

There was no other business presented.

V. ADJOURN AND CONTINUE TO MAY 21, 2025 AT 4:00 P.M.

At 2:34 p.m., Mr. Rutherford moved to adjourn and continue the meeting to May 21, 2026 at 4:00 p.m. Mr. Parr seconded the motion, which passed unanimously (4–0) by roll call vote and the meeting adjourned.

III B

RESOLUTION R2026-74
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF FISCAL YEAR 2026-2027 BUDGET
September 15, 2026

I. Appropriation of Funds (General Fund)

Amount	Revenue Account (-)	Expenditure Account (+)
$ 16.20	3-100-001899-0017	4-100-031020-5803
$ 822.38	3-100-003303-0107	4-100-031020-1013
$ 1,475.33	3-100-001401-0002	4-100-031020-7017
$ 150,000.00	3-100-002404-0048	4-100-999000-9905
$ 858.29	3-100-003303-0051	4-100-999000-9905
$ 24,449.96	3-100-009999-0001	4-100-043020-3005
$ 2,500.00	3-100-009999-0001	4-100-091030-5622
$ 180,122.16		

Adopted: _______________

Attest: ________________________________, Clerk
Nelson County Board of Supervisors

P.O. Box 336 • Lovingston, VA 22949 • 434 263-7000 • Fax: 434 263-7004 • www.nelsoncounty-va.gov

<u>EXPLANATION OF BUDGET AMENDMENT</u>

I. **Appropriations are the addition of unbudgeted funds received or held by the County for use within the current fiscal year budget. These funds increase the budget bottom line. The General Fund Appropriations of $180,122.16** includes requests of **(1) $16.20** appropriation requested for Sheriff's Fundraising Account funds received in August 2026; **(2) $822.38** appropriation requested for Sheriff's DEA Task Force Grant funding for July 2026; **(3) $1,475.33** appropriation requested for Sheriff's E-ticket revenue received in July 2026; **(4) $150,000.00** appropriation requested for FY26 VDEM NG9-1-1 grant funds received in FY27; **(5) $858.29** appropriation requested for FY25 FEMA Public Assistance Program Funds (Hurricane Helene) received in FY27; **(6) $24,449.96** request to reappropriate VACorp insurance proceeds received in FY26 for repairs completed in FY27; and **(7) $2,500.00** request to reappropriate Foothills Child Advocacy Center unused budgeted FY26 allocation for use in FY27. ***The total appropriation request for this period is below the 1% of expenditure budget limit of $965,787.91 for September. Following approval of these expenditures, the balance of Non-Recurring Contingency will be $560,925.69. The balance of Recurring Contingency will be $1,044,910.00.***

```
 Company No: 001      Account Number: 3100   1899  17           Period:
 Date: 9/11/26        Sheriff's Fundraising Account             Time: 1114
  Budget Amount       Year To Date        Encumbrances        Balance
        $324.11-            $340.31-               $.00            $16.20
===============================================================================================
 Date     Source Reference Number      PO#            Amount Period Description
07062026 CS    1          20260706                 $276.91-202607 -TREASURER CASH REPORT-
07102026 CS    1          20260710                  $20.00-202607 -TREASURER CASH REPORT-
07212026 CS    1          20260721                  $27.20-202607 -TREASURER CASH REPORT-
********        G/L Year-To-Date-                  $324.11-

********             Encumbrance-

********        A/P Holding File-

********        P/R Holding File-

********        U/T Holding File-

08052026 CS    1          20260805                  $16.20-202608 -TREASURER CASH REPORT-
********        A/R Holding File-                   $16.20-

********        G/L Holding File-

********        S/S Holding File-

********        INV Holding File-

08112026 BS    1    0000461                        $324.11-202608 FY27 SHERIFF FUNDRAISING 05346
********           Budget Amount-                  $324.11-
```

3-100-1899-0017
4-100-31020-5803

Grace Mawyer

From:	Neely Hull
Sent:	Monday, August 31, 2026 10:17 AM
To:	Holly Henderson
Cc:	Sandy Neblett; Grace Mawyer
Subject:	FW: DEA reimbursement request

AUG 20 2026

015 TREAS 310/MISC PAY RMR*IV*[redacted]PI*822.38\ NELSON CO

546001441151100

Amount: eight hundred twenty two dollars and thirty eight cents $822.38

3-100-003303-0107

4-100-031020-1013

DEATF

From: Sandy Neblett <sneblett@nelsoncounty.org>
Sent: Wednesday, August 5, 2026 8:18 AM
To: Neely Hull <nhull@nelsoncounty.org>; Grace Mawyer <gmawyer@nelsoncounty.org>
Cc: Holly Henderson <hhenderson@nelsoncounty.org>
Subject: DEA reimbursement request

I have submitted an invoice for reimbursement to the DEA in the amount of $822.38.

Please let Grace and I know when the funds arrive.

Thanks

Sandy Neblett
Nelson County
Finance and HR Specialist
Payroll/Benefits Administrator
PO Box 336, Lovingston, VA 22949
(P) 434.2637137 (F) 434.263.7134
sneblett@nelsoncounty.org
www.nelsoncounty-va.gov

Company No: 001 Account Number: 3100 1401 2 Period:
Date: 9/11/26 E-Ticket Fees Time: 1126

Budget Amount	Year To Date	Encumbrances	Balance
$9,801.00-	$4,159.00-	$.00	$5,642.00-

Date	Source		Reference Number	PO#	Amount	Period	Description
07012026	CS	1	20260701		$1,257.00-	202607	-TREASURER CASH REPORT-
********			G/L Year-To-Date-		$1,257.00-		
********			Encumbrance-				
********			A/P Holding File-				
********			P/R Holding File-				
********			U/T Holding File-				
08032026	CS	1	20260803		$1,475.33-	202608	-TREASURER CASH REPORT-
09012026	CS	1	20260901		$1,426.67-	202609	-TREASURER CASH REPORT-
********			A/R Holding File-		$2,902.00-		
********			G/L Holding File-				
********			S/S Holding File-				
********			INV Holding File-				
07012026	BA	1	0000308		$9,801.00-	202607	-APPROPRIATION ENTRY- 05355
********			Budget Amount-		$9,801.00-		

3-100-001401-0002
4-100-031020-7017

FASBU011

NELSON CIRCUIT COURT
LOCAL REVENUE AND COMMISSION REPORT
PREPARED: 07/31/26

LOCAL REVENUE COLLECTED LESS EARNED CLERK COMMISSIONS

CODE	DESCRIPTION	CURRENT	- COMMISSION	EQUALS	NET
LOCAL REVENUES - 200 SERIES					
201	COUNTY OF NELSON FINE/FORFT FINE	25,124.52	1,256.23		23,868.29
203	COMWLTH ATTY FEE Atty	165.79	8.29		157.50
206	SHERIFF FEES Sshf	106.99	5.35		101.64
212	TRANSFER FEES trfe	122.00	12.20		109.80
213	COUNTY GRANTEE TAX rctx	37,518.15	1,875.91		35,642.24
219	LAW LIBRARY LLF	24.00	1.20		22.80
220	GRANTOR TAX rctx	14,018.00	700.90		13,317.10
228	CHCF const	33.00	1.65		31.35
229	COUNTY OF NELSON CHMF chmf	31.58	1.58		30.00
233	BLOOD TEST/DNA FEE Fine	30.00	1.50		28.50
234	JAIL ADMISSION FEE Jadm	51.11	2.56		48.55
236	DOC. REPRO. COSTS	701.50	35.08		666.42
237	MISC. - LOCAL COSTS Sher	805.00	40.25		764.75
241	E-SUMMONS FEE esum	35.00	1.75		33.25
242	COUNTY OF NELSON INTEREST Fine	204.55	10.23		194.32
244	COUNTY OF NELSON CHSF chsec	259.19	12.96		246.23
248	OTHER LOCAL COSTS post	0.82	0.04		0.78
249	RESERVED post	13.74	0.69		13.05
	SUB TOTAL:	79,244.94	3,968.37		75,276.57
	TRANSMIT TOTAL (REVENUES LESS COMMSSIONS AND 236 REVENUES):				74,610.15

* NOTE: 17.1-289 COMMISSION IS 10% ON TRANSFER FEES AND 5% ON ALL OTHER REVENUES
* NOTE: CODE 236 (DOC. REPRO. COSTS) IS PAID TO LOCALITY ON SEPARATE CHECK

CLERK COMMISSIONS EARNED ON LOCAL REVENUES

CODE	DESCRIPTION	CURRENT	+ COMMISSION	EQUALS	NET
CLERK'S FEES/COMMISSIONS - 300 SERIES					
315	MISCELLANEOUS CLERK FEES AND COMMISSIONS	41.01	1,391.56		1,432.57
318	COMM. LOCAL RECORDATION TAX (213, 214)	0.00	1,875.91		1,875.91
319	COMM. LOCAL PROBATE TAX (215, 216)	0.00	0.00		0.00
320	COMP. LOCAL SHARE (220, 223, 224, 226)	0.00	700.90		700.90
	SUB TOTAL:	41.01	3,968.37		4,009.38

TOTAL COMMISSIONS EARNED ON LOCAL REVENUES: 3,968.37

PAID
AUG 03 '26
NEELY HULL
TREASURER
NELSON COUNTY

FASBU011

NELSON GEN DISTRICT COURT
TRANSMITTAL OF DISTRICT COURT COLLECTIONS
PREPARED: 07/31/26

COLLECTIONS FOR: JULY, 2026 FIPS CODE: 125G

CODE	DESCRIPTION			
206	SHERIFF FEES	SShf	829.00	
217	CT APPT ATTY	Attyfe	44.39	
219	LAW LIBRARY	LLLF	356.00	
228	CHCF	Const	1,326.00	
229	CHMF	Chmf	757.41	
233	BLOOD TEST/DNA FEE	fine	45.00	
234	JAIL ADMISSION FEE	Jadm	50.00	
241	E-SUMMONS FEE	esum	1,437.08	
2X0	COMM E-SUMMONS	fine	85.00	
244	CHSF	ChscC	7,120.26	
	LOCALITY 1 TOTAL			12,050.14

TOTAL LOCAL REMITTANCE TO TREASURER: 12,050.14

PAID
AUG 03 2026
NEELY HULL
TREASURER
NELSON COUNTY

NELSON COUNTY GENERAL DISTRICT COURT

4785

Check issued to : LOCAL TREASURER
Check issued on : AUGUST 03, 2026
Check Amount : 12,050.14
TWELVE THOUSAND FIFTY AND 14/100**
This check issued for the following reason:
REMIT DISTRICT COURT COLLECTIONS TO THE LOCAL TREASURER
Memorandum data: LOCAL COLLECTIONS
: BALANCES AS OF 07/31/2026
:

LOCAL TREASURER
N/A
N/A
N/A, XX 00000-0000

FASBU011

NELSON COUNTY JUVENILE & DOMESTIC RELATIONS DISTRICT COURT
TRANSMITTAL OF DISTRICT COURT COLLECTIONS
PREPARED: 07/31/26

COLLECTIONS FOR: JULY, 2026 FIPS CODE: 125J

CODE	DESCRIPTION		
206	SHERIFF FEES SShf	24.00	
228	CHCF const	3.00	
229	CHMF Chmf	2.36	
234	JAIL ADMISSION FEE Jadm	25.00	
241	E-SUMMONS FEE esum	5.00	
244	CHSF Chsec	20.00	
	LOCALITY 1 TOTAL		79.36

TOTAL LOCAL REMITTANCE TO TREASURER: 79.36

PAID
AUG 03 2026
NEELY HULL
TREASURER
NELSON COUNTY

THIS COPY TO TREASURER

FORM DC-14 (07/15)

Total Amount: 150,000.00 **Deposit Date:** 08/04/2026 **Trace Number:** 83009124

Agy No	Amount	CDS Offset Amount	TOP Offset Amount	Invoice Number	Invoice Date	Customer Number	Voucher Number	Description
127	150,000.00	0.00	0.00	SFGP01992695	07/22/2026		0004079	VDEM_SFGP01992695

PN6911 → approp. to NRC (prior FY)

Tot 127: 150,000.00

3-100-002404-0048 / 4-100-999000-9905

GM

Neely Hull
County of Nelson, Treasurer
PO Box 100
Lovingston Va 22949

P (434) 263 7060
F (434) 263 7064

Grace Mawyer

From: Candy McGarry
Sent: Monday, August 3, 2026 9:29 AM
To: Grace Mawyer
Subject: FW: Payment Notification

FYI

From: VirginiaDEM <support@vdem.emgrants.com>
Sent: Monday, August 3, 2026 5:04 AM
To: Candy McGarry <CMcGarry@nelsoncounty.org>
Cc: Susan Rorrer <SRorrer@nelsoncounty.org>; John Adkins <jadkins@nelsoncounty.org>
Subject: Payment Notification

Greetings Ms. Candy McGarry,

The Virginia Department of Emergency Management (VDEM) has recently processed a grant payment in VDEM EM Grants for Nelson County. The transaction details are as follows:

- Grant Program: SFGP
- Grant Year/Disaster Number: 01
- Grant Name: E911- Additional NG9-1-1 Funding
- Federal Project Number (if applicable):
- State Project Number (if applicable): 77
- Project Name: 01 SFGP Nelson County
- Federal Amount (if applicable): $0.00
- State Amount (if applicable): $150,000.00
- Total Amount: $150,000.00

To get more details on this transaction, please refer to the Payable processed against the following reimbursement(s):

Reimbursement Request 1

Sincerely,

VDEM Grant Management and Recovery Division
vdem.emgrants.com

Grace Mawyer

From: Neely Hull
Sent: Monday, August 10, 2026 11:32 AM
To: Grace Mawyer
Subject: EDI- codes

Hi Grace,

Before I post these I want to make sure these are coded correctly. I know the last VDEM I looked up was posted to EDGRW but I want to make sure since the Numbers are different.

Total Amount: 858.29 **Deposit Date:** 08/06/2026 **Trace Number:** 83011069

Agy No	Amount	CDS Offset Amount	TOP Offset Amount	Invoice Number	Invoice Date	Customer Number	Voucher Number	Description
127	858.29	0.00	0.00	PA4831992700	07/30/2026		0004100	VDEM_PA4831992700
Tot 127:	858.29							

FEMAPA → Approp. to NRC (prior FY)

3-100-3303-0051 → 4-100-999000-9905

Grace Mawyer

Subject: FW: Payment Notification

From: John Adkins <jadkins@nelsoncounty.org>
Sent: Monday, August 10, 2026 9:39 AM
To: Grace Mawyer <gmawyer@nelsoncounty.org>
Subject: FW: Payment Notification

Just a heads up this money is on the way

From: VirginiaDEM <support@vdem.emgrants.com>
Sent: Monday, August 10, 2026 5:04 AM
To: John Adkins <jadkins@nelsoncounty.org>
Cc: Susan Rorrer <SRorrer@nelsoncounty.org>
Subject: Payment Notification

Greetings Mr John Adkins,

The Virginia Department of Emergency Management (VDEM) has recently processed a grant payment in VDEM EM Grants for Nelson County. The transaction details are as follows:

- Grant Program: PA
- Grant Year/Disaster Number: 4831
- Grant Name: Hurricane Helene
- Federal Project Number (if applicable): 653, 653
- State Project Number (if applicable):
- Project Name: Management Costs, Management Costs
- Federal Amount (if applicable): $858.29
- State Amount (if applicable): $0.00
- Total Amount: $858.29

To get more details on this transaction, please refer to the Payable processed against the following reimbursement(s):

Reimbursement Request 1

Sincerely,

VDEM Grant Management and Recovery Division
vdem.emgrants.com

VAcorp

February 10, 2026

Nelson County
ATTN: Grace Mawyer
PO Box 336
Lovingston, VA 22949

Virginia Association of Counties Self-Insurance Risk Pool

Participant:	Nelson County
Claim Number:	0612025391057
Date of Loss:	11/20/2025

Dear Ms. Mawyer:

Enclosed please find a VACORP property damage check in the amount of $24,449.96 for the repairs to the Nelson County Public Library located at 8521 Thomas Nelson Hwy Lovingston VA that was damaged when a truck backed into the building. Payment was issued based on the appraisal submitted less the $1,000 deductible.

If you should have any questions regarding this payment, please do not hesitate to contact our office.

Sincerely,

Angela Hatfield

Angela Hatfield
Claims Specialist

Enclosure – Check

Company No: 326   Account Number: 4100 430203005   Period:
Date: 9/11/26   Contracted Services   Time: 1140

Budget Amount	Year To Date	Encumbrances	Balance
$37,000.00	$25,374.11	$.00	$11,625.89

Date	Source		Reference Number	PO#	Amount	Period	Description		
07282025	AP	1	51021		$359.00	202507	APPLE DOOR SYSTEMS, I	BH-	02940
07282025	AP	1	956432		$637.00	202507	SOUTHERN AIR, INC.	BH-	02940
07282025	AP	1	957247		$361.00	202507	SOUTHERN AIR, INC.	BH-	02940
08262025	AP	1	24873133		$636.71	202508	JOHNSON CONTROLS FIRE	BH-	02946
08262025	AP	1	955732		$15,129.58	202508	SOUTHERN AIR, INC.	BH-	02946
09092025	AP	1	963237		$385.00	202509	SOUTHERN AIR, INC.	BH-	02947
11122025	AP	1	920065109		$2,210.00	202511	THE DAVEY TREE EXPERT	BH-	02963
12092025	AP	1	9694299		$5,765.00	202512	SOUTHERN AIR, INC.	BH-	02970
12092025	AP	1	9694309		$5,352.71	202512	SOUTHERN AIR, INC.	BH-	02970
01132026	AP	1	1-136931452726		$2,999.86	202601	JOHNSON CONTROLS	BH-	02977
01132026	AP	1	963474		$771.00	202601	SOUTHERN AIR, INC.	BH-	02977
01232026	AP	1	978725		$325.00	202601	SOUTHERN AIR, INC.	BH-	02981
02102026	AP	1	55964		$370.00	202602	EEIS	BH-	02983
04272026	AP	1	3873		$6,170.00	202604	COMMERCIAL DOOR SERVI	BH-	03003
04272026	AP	1	989251		$2,676.61	202604	SOUTHERN AIR, INC.	BH-	03003
06052026	CS	1	20260605		$24,449.96-	202606	-TREASURER CASH REPORT-		
06092026	AP	1	3869		$3,476.66	202606	COMMERCIAL DOOR SERVI	BH-	03011
06292026	AP	1	998126		$1,815.00	202606	SOUTHERN AIR, INC.	BH-	03015
06292026	AP	1	999539		$383.94	202606	SOUTHERN AIR, INC.	BH-	03015
********			G/L Year-To-Date-		$25,374.11				
********			Encumbrance-						
********			A/P Holding File-						
********			P/R Holding File-						
********			U/T Holding File-						
********			A/R Holding File-						
********			G/L Holding File-						
********			S/S Holding File-						
********			INV Holding File-						
07012025	BA	1	0000307		$37,000.00	202507	-APPROPRIATION ENTRY-		05196
********			Budget Amount-		$37,000.00				

Asset Enterprises, Inc.

236 Cooperative Way
Arrington VA 22922
434-263-5466-Office

Invoice

DATE	INVOICE #
7/10/2026	2186

BILL TO
County of Nelson-

TERMS	PROJECT

DESCRIPTION	RATE	QTY	AMOUNT
Repair damages to Nelson County Library caused by truck backing in to it. Brick, concrete sidewalk, handrailing, end cap on roof and gutters. Materials and Labor Included.	27,000.00		27,000.00

43020-3005- 8/25/26

* Paid 9/9/26 GM

Total $27,000.00

Grace Mawyer

From:	Tannis Fuller <tfuller@foothillscac.org>
Sent:	Monday, August 10, 2026 11:12 AM
To:	Grace Mawyer
Subject:	FY26 Q4 grants disbursement to Foothills CAC
Attachments:	FY26 Q4 Nelson County - Foothills CAC Invoice.pdf

Hi Grace,

I'm so sorry to be sending this already into FY27. I thought I had sent it out in June but in going through my AR, I see that I didn't.

Attached please find our Q4 grant invoice.

Thank you!

Foothills
Children's Advocacy Center

Tannis Fuller, she/they
Director of Administration
tfuller@foothillscac.org
(434) 971-7233 Ext. 203

Managing work and life responsibilities is unique for everyone. I sent this email at a time that works for me. Please respond at a time that works for you.

FOOTHILLS CHILD ADVOCACY CENTER
154 Hansen Rd Ste 201
Charlottesville, VA
22911-4848 USA
+14349717233
hello@foothillscac.org
www.foothillscac.org

Invoice

BILL TO
Nelson County - Grantor (Cust)

INVOICE #	DATE	TOTAL DUE	DUE DATE	TERMS	ENCLOSED
FYQ4	06/01/2026	$2,500.00	06/16/2026	Net 15	

SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
Nelson County Grant		1	2,500.00	2,500.00

Payments may be made via ACH with the following info:
Virginia National Bank
Routing number: [redacted]
Acct number [redacted]
or via USPS
154 Hansen Dr. Suite 201
Charlottesville, VA 22911

BALANCE DUE **$2,500.00**

FY26Q4
4-100-091030-5622
3-100-009999-0001 (prior FY - fund Bal.)

* Paid 8/11/26
GM

FY26

Company No: 326 | Account Number: 4100 910305622 | Period:
Date: 9/11/26 | Foothills Child Advocacy Center | Time: 1301

Budget Amount	Year To Date	Encumbrances	Balance
$10,000.00	$7,500.00	$.00	$2,500.00

Date	Source		Reference Number	PO#	Amount	Period	Description	
04092026	AP	1	FY26 Q1		$2,500.00	202604	FOOTHILLS CHILD ADVOCBH-	02998
04092026	AP	1	FY26 Q2		$2,500.00	202604	FOOTHILLS CHILD ADVOCBH-	02998
04092026	AP	1	FY26 Q3		$2,500.00	202604	FOOTHILLS CHILD ADVOCBH-	02998
********			G/L Year-To-Date-		$7,500.00			
********			Encumbrance-					
********			A/P Holding File-					
********			P/R Holding File-					
********			U/T Holding File-					
********			A/R Holding File-					
********			G/L Holding File-					
********			S/S Holding File-					
********			INV Holding File-					
07012025	BA	1	0000307		$10,000.00	202507	-APPROPRIATION ENTRY-	05196
********			Budget Amount-		$10,000.00			

RESOLUTION R2026-71A
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF FISCAL YEAR 2026-2027 BUDGET
September 15, 2026

I. Appropriation of Funds (Debt Service Fund)

Amount	Revenue Account (-)	Expenditure Account (+)
$ 2,600,000.00	3-108-004104-0013	4-108-095100-9117
$ 2,600,000.00		

Adopted: ________________

Attest: ____________________________, Clerk
Nelson County Board of Supervisors

EXPLANATION OF BUDGET AMENDMENT

I. **Appropriations are the addition of unbudgeted funds received or held by the County for use within the current fiscal year budget. These funds increase the budget bottom line. The Debt Service Fund Appropriation reflects an appropriation request of (1) $2,600,000.00** for the optional refinancing of the 2022 Larkin Property purchase. ***A Public Hearing for this appropriation request was held on August 11, 2026 in accordance with State Code Section § 15.2-2507.***

BOARD OF
SUPERVISORS

ERNIE Q. REED
Central District

JESSE N. RUTHERFORD
East District

J. DAVID PARR
West District

DR. JESSICA LIGON
South District

A. CAMERON LENAHAN
North District

NELSON COUNTY
1807
VIRGINIA

CANDICE W. MCGARRY
County Administrator

AMANDA B. SPIVEY
Administrative Assistant/
Deputy Clerk

GRACE E. MAWYER
Director of Finance and
Human Resources

RESOLUTION R2026-71
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF FISCAL YEAR 2026-2027 BUDGET
August 11, 2026

I. Appropriation of Funds (General Fund)

Amount	Revenue Account (-)	Expenditure Account (+)	
$ 8,925,000.00	3-100-009999-0001	4-100-091050-7177	
$ 3,100,000.00	3-100-009999-0001	4-100-091030-5715	DEFERRED
$ 12,025,000.00			

II. Appropriation of Funds (Debt Service Fund)

Amount	Revenue Account (-)	Expenditure Account (+)	
$ 2,600,000.00	3-108-004104-0013	4-108-095100-9117	DEFERRED
$ 2,600,000.00			

Adopted: August 11, 2026

Attest: Candice W. McGarry, Clerk
Nelson County Board of Supervisors

EXPLANATION OF BUDGET AMENDMENT

I. **Appropriations are the addition of unbudgeted funds received or held by the County for use within the current fiscal year budget. These funds increase the budget bottom line. The General Fund Appropriations of $12,025,000.00** include requests of **(1) $8,925,000.00** appropriation requested for the 2026 Larkin Property purchase; and **(2) $3,100,000.00** appropriation requested for the loan to Nelson County Service Authority for Wintergreen Wastewater Treatment Plant DEQ Consent Order Costs. ***The total appropriation request for this period is above the 1% of expenditure budget limit of $874,451.50 for August requiring a Public Hearing for approval.***

II. **The Debt Service Fund Appropriation reflects an appropriation request of (1) $2,600,000.00** for the optional refinancing of the 2022 Larkin Property purchase. ***The total appropriation request for this period is above the 1% of expenditure budget limit of $874,451.50 for August requiring a Public Hearing for approval.***

III D

PROCLAMATION P2026-05
NELSON COUNTY BOARD OF SUPERVISORS
SEPTEMBER 11, 2001 – A DAY TO REMEMBER

WHEREAS, the unprovoked attacks of September 11th, 2001, upon America by foreign terrorists thrust the United States, and other countries, into a war it never envisioned, militarily or diplomatically; and

WHEREAS, the challenges facing all the civilized people of the world as they relate to the war on terrorism will not end until those responsible are eliminated or brought to justice; and

WHEREAS, America is fully committed to ensuring our freedoms remain unfettered and sovereign for all generations, now and forever; and

WHEREAS, world opinion needs to remain focused upon the eradication of these inhuman acts perpetrated around the globe; and

WHEREAS, one way to accomplish this is to NEVER FORGET that those innocent victims did not die in vain; and

WHEREAS, America can fight back by reminding the world that the deaths of these people will always be remembered and that they will be forever loved; and

WHEREAS, a noble and appropriate way to accomplish this is through the annual celebration of their living; and

WHEREAS, this commemoration should be conducted each September to include:

- The promotion of global peace and goodwill;
- The demonstration of America's resolve and perseverance to win the war on terrorism;
- The advancement of responsible citizenship;
- The encouragement of patriotism and love of country; and
- The poignant remembrance of those innocent victims who died September 11th, as heroes, one and all;

NOW THEREFORD BE IT RESOLVED, that the Nelson County Board of Supervisors issue this proclamation to memorialize those men, women, and children who lost their lives;

BE IT FURTHER RESOLVED, that the citizens of Nelson County remember with eternal respect those whose lives were suddenly, without cause and pointlessly taken from them twenty-five years ago on September 11th, 2001.

May they forever rest in peace and abide in our memories.

Adopted: September 15, 2026

Attest: ________________________________, Clerk
Nelson County Board of Supervisors

IV B

Candy McGarry

From:	Jennifer Fitzgerald <jfitzgerald@ncsava.com>
Sent:	Monday, August 10, 2026 4:28 PM
To:	Candy McGarry; Amanda Spivey; Grace Mawyer
Cc:	George Miller
Subject:	Lovingston sewer project
Attachments:	Lovingston sewer support resolution 2024.pdf; Lovingston sewer letter of conditions August 3 2026.pdf

Good afternoon Candy,

I wanted to reach out about the Lovingston sewer project letter of conditions received Friday. I have consulted with our bond counsel in reference to next steps. In 2024 in Resolution 2024-59 the County of Nelson executed a support agreement for funding this project. However, since then the project cost has increased and the need for additional funding to support the entire project is needed. The revised Letter of Credit offers 2 loans and 2 grants. The first loan is for $641,000 and grant of $1,594,000. The second loan is for $450,776 and grant of $1,439,000 for a total project cost of $4,124,776. In order for the Nelson County Service Authority to move forward with this project we need to know if the County will support the annual payment and debt reserve requirements for both loans. I am available by email and phone to discuss further. We had a lot of interest in this project at our last NCSA Board of Directors meeting and I am sure the residents affected by this project will be happy to finally get this project started.

Best regards,

Jennifer

Jennifer Tyree Fitzgerald
Assistant Executive Director
Nelson County Service Authority
PO Box 249
Lovingston, VA 22949
(434) 263-5341 x110 (office)

USDA

United States Department of Agriculture

Rural Development

RD Satellite Office

650 North Lee
Highway, Suite 3
Lexington, VA 24450

Voice: 540-319-6466
Fax: 855-636-4613

August 3, 2026

George T. Miller, Jr., Executive Director
Nelson County Service Authority
620 Cooperative Way
Arrington, VA 22922

Dear Mr. Miller:

The purpose of this letter is to amend the Letter of Conditions dated **February 14, 2024**, which was previously delivered to the Nelson County Service Authority for improvements to the Lovingston sewer system. Any conditions not specifically changed by this amendment remain the same.

The second paragraph of the letter of conditions dated May 20, 2021, is hereby replaced with the following:

This letter is not to be considered as approval of financial assistance or as a representation to the availability of funds. The financial package may be completed on the basis of a Rural Development initial loan not to exceed **$641,000**, a Rural Development initial grant not to exceed **$1,594,000**, a Rural Development subsequent loan not to exceed **$450,776**, and a Rural Development subsequent grant not to exceed **$1,439,000** for a total project cost of **$4,124,776**.

Item numbers 1, 2, 7, 8, 9, and 15 of the letter of conditions dated May 20, 2021, are hereby replaced with the following:

1. Project Description and Budget – Funds will be used to replace approximately 6,225 linear feet of 4" water line with 8" water line in the Church Street area. Facilities will be designed and constructed in accordance with sound engineering practices and must meet the requirements of Federal, State, and local agencies. The proposed facility design must be based on the Preliminary Engineering Report (PER) as concurred in by Rural Development.

   Funding from all sources has been budgeted for the estimated expenditures as follows:

Project Costs	Total Budgeted
Construction	$ 2,845,800
Project Materials	400,088
Legal Fees	40,000
Bond Counsel Fees	40,000
Interim Financing Interest	310,000
Survey	30,000
PER	30,000
ER	30,000
CCTV Review/Inspection	44,976
Engineering Fees:	
Basic	313,000

Inspection		156,500
Project Contingency		284,500
TOTAL PROJECT COSTS	$	4,124,776

2. Project Funds – Project funding is planned from the following sources and amounts:

Project Funding Source		Funding Amount
Rural Development Initial Loan	$	641,000
Rural Development Initial Grant		1,594,000
Rural Development Subsequent Loan		450,776
Rural Development Subsequent Grant		1,439,000
TOTAL PROJECT FUNDING	$	4,124,776

Prior to closing, any increase in non-Rural Development funding will be applied first as a reduction to Rural Development grant funds (up to the total amount of the grant) and then as a reduction to Rural Development loan funds.

Any changes in funding sources following obligation of Rural Development funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. You must assure that all project funds are expended only for the eligible items included in the project budget of this letter of conditions or as amended by Rural Development in writing at a later date.

After providing for all authorized costs, any remaining Rural Development project funds will be considered to be Rural Development grant funds and refunded to Rural Development. If the amount of unused Rural Development project funds exceeds the Rural Development grant, that part would be Rural Development loan funds and applied as an extra payment to your loan.

Prior to advertisement for construction bids, you must provide evidence showing the approval of funds from other sources. This evidence should include a copy of the commitment letter. Prior to the award of any contract to a contractor, you must provide written evidence that these funds are available for expenditure. Prior to the start of construction, an agreement should be reached with all funding sources on how funds are to be disbursed.

7. Bond Counsel – **As the initial and subsequent loans were obligated in different fiscal years, it will be necessary to issue two bonds.** The services of a recognized bond counsel are required. In accordance with 7 CFR 1780, Subpart D, bond counsel, will prepare the form of Bond Resolution to be used. You should immediately provide your bond counsel with a copy of this letter of conditions.

The final bond transcript must include a copy of the adopted Rate Ordinance/Resolution, along with the rules and regulations of the water utility.

8. Security – The loans must be secured by General Obligation Bonds, a pledge of the net revenues of your sewer utility on parity with all previous bond issues, a pledge of the full faith and credit of the Town, and other agreements between you and Rural Development as set forth in the Bond Resolution, which must be properly adopted and executed by the appropriate officials of your organization.

   The bond and any resolution relating thereto must not contain any provisions in conflict with RUS Bulletin 1780-27, applicable regulations, or authorizing law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 United States Code (USC) 1983.

   Additional security requirements are contained in RUS Bulletin 1780-27, Loan Resolution, and RUS Bulletin 1780-12, Grant Agreement. A copy of the minutes from the meeting at which the Loan Resolution is adopted must be provided to Rural Development.

   A draft of all security instruments, including the bond resolution, form of bond, and bond counsel opinion, must be reviewed and concurred in by Rural Development prior to advertising for bids. Both the Bond and Loan Resolutions must be fully executed prior to closing.

   As you have issued Bonds secured by water revenues to another lender(s), a Parity/Intercreditor Agreement between Rural Development and that lender(s) must be executed prior to loan closing. A draft of the agreement must be concurred in by Rural Development prior to advertising for bids.

9. Loan Repayment – The initial loan will be scheduled for repayment over a period of 40 years. Payments for the 480 months will be equal amortized monthly installments. For planning purposes, use a 1.375% interest rate and a monthly amortization factor of .00271, which provides for a monthly payment of $1,355.00. ≈ $16,260 / year

   $60,240 / year

   The subsequent loan will be scheduled for repayment over a period of 40 years. Payments for the 480 months will be equal amortized monthly installments. For planning purposes, use a 2.25% interest rate and a monthly amortization factor of .00317, which provides for a monthly payment of $3,665.00. ≈ $43,980 / year

   Unless you choose otherwise, the interest rate will be the lower of the rate in effect at the time of loan approval or the time of closing. Should the interest rate outlined above be reduced at closing, your payments will be recalculated based on the lower rate. The payment due dates will be established as the day the loans close. If closing takes place on the 29th, 30th, or 31st, the payment due date will be the 28th.

   Payments will be made on the day your payment is due through an electronic preauthorized debit system. You will be required to complete Form RD 3550-28, Authorization Agreement for Preauthorized Payments, for all new **AND** existing indebtedness to Rural Development prior to closing, which will allow for your payment to be electronically debited from your account on the day your payments are due.

15. Proposed Operating Budget and User Rate Analysis – Prior to written authorization from Rural Development to proceed with the bidding phase, you will be required to submit a copy of your proposed annual operating budget and rate analysis which supports the proposed loan repayment. The operating budget should be based on a typical year's cash flow subject to completion of this project in the first full year of operation. The rate analysis will be required to show the number of users, their average consumption based on a twelve-month consecutive average, and a rate structure to support the necessary revenue to make the operating budget cash flow. Form RD 442-7, Operating Budget, or similar form may be utilized for this purpose.

You must establish, adopt, and maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance, debt service, and reserves. This rate schedule must provide for a minimum monthly EDU cost of $26.62. In addition, it is anticipated a General Fund transfer of $220,700 will be required in the first full year of operation after construction of this project. When added to the monthly EDU cost of $26.62 from user rates, the ending result is a total monthly EDU cost of $40.27.

Prior to requesting authorization to bid, you must provide:

a. A draft rate resolution

b. A use and income analysis and operating budget. These documents must be based on the anticipated active customers, and the budget must show repayment ability.

Prior to closing or the start of construction, whichever occurs first, you must provide evidence that the rate resolution has been adopted, as well as evidence indicating the rates will be placed into effect at the beginning of the first full year of operation after construction of this project.

It is expected that operation and maintenance will change over each successive year, and user rates will need to be adjusted on a regular basis. Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system. If you are interested, please contact our office for more information.

The following paragraph is hereby added to the letter of conditions dated May 20, 2021:

48. Build America, Buy America Requirements (BABA)

a. Recipients of an award of Federal financial assistance from a program for infrastructure are hereby notified that none of the funds provided under this award may be used for a project for infrastructure unless:

1. All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;

2. All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and

3. All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

The Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. As such, it neither applies to tools, equipment, and supplies, such as temporary scaffolding brought to the construction site and removed at or before the completion of the infrastructure project, nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

b. Waivers - When necessary, recipients may apply for, and the Agency may grant, a waiver from these requirements. The Agency should notify the recipient for information on the process for requesting a waiver from these requirements.

   When the Federal agency has made a determination that one of the following exceptions applies, the awarding official may waive the application of the domestic content procurement preference in any case in which the Agency determines that:

   1. Applying the domestic content procurement preference would be inconsistent with the public interest;

   2. The types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality; or

   3. The inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.

   A request to waive the application of the domestic content procurement preference must be in writing. The Agency will provide instructions on the format, contents, and supporting materials required for any waiver request. Waiver requests are subject to public comment periods of no less than 15 days and must be reviewed by the Made in America Office.

c. Definitions:

1. "Construction materials" includes an article, material, or supply other than an item of primarily iron or steel; a manufactured product; cement and cementitious materials; aggregates, such as stone, sand, or gravel, or aggregate-binding agents or additives that are or consist primarily of:

   a. Non-ferrous metals;
   b. Plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
   c. Glass (including optic glass);
   d, Lumber; or
   e. Drywall

2. "Domestic content procurement preference'' means all iron and steel used in the project are produced in the United States; the manufactured products used in the project are produced in the United States; or the construction materials used in the project are produced in the United States.

3. "Infrastructure" includes, at a minimum, the structures, facilities, and equipment for, in the United States, roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property. Infrastructure includes facilities that generate, transport, and distribute energy.

4 "Project" means the construction, alteration, maintenance, or repair of infrastructure in the United States.

Owners are ultimately responsible for compliance with the domestic preference requirements as outlined in RUS Bulletin 1780-35 or the Build America Buy America (BABA) Appendix, which is attached to this letter of conditions.

We believe the information herein clearly sets forth the action which must be taken; however, if you have any questions, please do not hesitate to contact my office.

Please complete Form RD 1942-46, Letter of Intent to Meet Conditions, and Form RD 1940-1, Request for Obligation of Funds, if you desire that further consideration be given to your application.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, Rural Development reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of closing within twelve (12) months and it is determined the applicant still wishes to proceed, it may be necessary to review the conditions outlined in this letter. If during that review it is determined the conditions are no longer adequate, Rural Development reserves the right to require that the letter of conditions be revised or replaced.

Sincerely yours,

ORA ROLLINS Digitally signed by ORA ROLLINS
Date: 2026.08.03 13:53:04 -04'00'

ORA ROLLINS
Deputy State Director
USDA, Rural Development

Attachment – BABA Appendix

cc: State Director, Rural Development, Richmond, VA
Attorney
Bond Counsel
Accountant
Engineer

Form RD 1942-46
(Rev. 6-10)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015
OMB NO. 0570-0062

LETTER OF INTENT TO MEET CONDITIONS

Date 08-03-2026

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

1606 Santa Rosa Rd.
Suite 238
Richmond, VA 23229

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 08-03-2026. It is our intent to meet all of them not later than 08-03-2029.

Nelson County Service Authority

(Name of Association)

BY

George Miller, Executive Director

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data. needed, and completing and reviewing the collection of information.

USDA
Form RD 1940-1
(Rev 02-26)

View Burden Statement

FORM APPROVED
OMB No. 0570-0062
Exp. Date: 9/30/2028
OMB No. 0570-0067
Exp. Date: 9/30/2028

Request for Obligation of Funds

1. Borrower Name	Nelson County Service Authority	5. Case/Borrower Number	ST 54 CO 076 BORROWER ID 990899700
2. Borrower Address	P. O. Box 249	6. Type of Applicant	Public Body
3. City, State, Zip Code	Lovingston, VA 22949-	7. Collateral Code	Secured By Bonds
4. County Name	Nelson	8. Community Size / Service Area	10,000 or less

9. Amount of Loan	$451,000.00	13. Interest Rate	2.875 %
10. Amount of Grant	$1,439,000.00	14. Repayment Terms (years)	40
11. Type of Assistance Code	068	15. Type of Payment	Monthly
12. Fiscal Year	2026	16. Kept blank for future use	

17. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL:

Subsequent loan and grant for cost overrun

18. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time (as applicable in accordance with program regulations). I agree to use the sum specified herein, subject to and in accordance with regulations and applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan/grant closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan/grant approval requirements and comments associated with this loan/grant request and agree to comply with these provisions.

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States, knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes use of any false writing or document know the same to contain any false fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both.

(For loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO" the interest rate charged on my loan will be the rate specified on this form. ☒ YES ☐ NO ☐ N/A-Grant Only

August 24, 2026
(Date)

(Signature of Authorized Representative)

Nelson County Service Authority
(Organization Name)

George Miller Executive Director
(Typed or Printed Name and Title of Authorized Representative)

For Internal Use Only

19. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

(Date)

(Signature of Approving Official)

Elizabeth Green
(Typed or Printed Name of Approving Official)

State Director
(Title)

Obligation Date for Obligation ID ____________

20. TO THE APPLICANT: As of this date Aug 3, 2026 ____________, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions, contact the appropriate USDA Servicing Office.

Officer Kevin Wright, Director for Animal Control was present to provide the report for his department. Officer Wright indicated that his monthly report showed a spike in the number of calls per service. He explained that any time they had severe weather, there was usually an increase in the number of calls for service. He noted that the fees collected at the shelter had gradually increased due to the shelter fee increase. He indicated that he expected the fees to consistently stay up because of the fee increases.

Officer Wright reported that the first department head meeting with the County Administrator in his time with Animal Control since January 2013. He commented that the department head meeting went well and was appreciated. He noted that Ms. McGarry had asked the department heads to highlight their challenges and success within their departments. He commented that with every challenge in Animal Control, it was their goal to make it a success.

Officer Wright noted that one of Animal Control's challenges currently was the shelter infrastructure. He reported that they were in the process of scheduling the replacement of the Shelter roof and he thanked the Board for the funding for the roof. He explained that they had a drainage issue in the center of shelter where all animal waste from the kennels goes to the drain. He noted that the kennels had been there since the construction of the facility. He explained that they would need to take the kennels out and then fix the drain situation. He indicated that it would require fairly extensive construction and he was working to have blueprints drawn up and quotes. Officer Wright noted that he would be providing details and more information as they moved forward.

Officer Wright explained that one of the big issues that Animal Control faced was how the public viewed them. He commented that each person viewed Animal Control differently. He explained that a lot of the issue had to do with social media. He noted that people had a platform to immediately respond to some distaste or something they do not agree with. He stated that one of their goals was to find a way to show the public what Animal Control actually does. He noted that in his time with the department, Animal Control had changed quite a bit. He stated that he did not believe the citizens knew what a call for service required. He noted that one of the recent complaints was that people saw them on the side of the road doing nothing, which was insulting. Officer Wright explained that the Animal Control officers were completely independent in their trucks. He noted that pre-COVID, the Board had approved onboard computers where Animal Control could be dispatched through their trucks, and they could do their reporting from the trucks. He noted this ability allowed them to be more effective because they could stay in the field longer. He explained that stray pickup was not all they did. He noted that they had criminal investigations that kept them in the field. He indicated that they also were taking calls for service and making sure they had the necessary probable cause. He pointed out that it took time to go after those cases in a safe manner.

Officer Wright reported that during the department head meeting, he spoke with Maureen Kelley about getting help with the Animal Control webpage and possible social media. He welcomed any suggestions that may help put that positive image out into the community. He commented that he felt like they were doing a great job, he just did not think people realized what it took to handle a basic stray call.

Officer Wright reported that the new Sheriff and administration has allowed Animal Control to be a part of something that was promoting Animal Control in a positive way. He noted that they participated in Cop Camp with the Sheriff's Office over the summer. He expressed his appreciation for the Sheriff including Animal Control. He noted that alert training at Rockfish was some of the best training. He explained that the alert training was an amazing thing to have under their belts as it trained them to know how to deal with an active shooter situation. He indicated that the community was better off because of that training. He commented that the more they used social media, not just in his office, it would help to get a positive image out there.

Mr. Rutherford thanked Officer Wright and his staff for their service, noting that they had done a great job. He noted that the members of community who have benefitted from the good actions of Animal Control were not necessarily as loud as the complaints. He commented that the Board heard the good things and knew they were doing a great job. Dr. Ligon commented that it was a pleasure working with Officer Wright and noted that he ran a tight ship.

Mr. Parr thanked Officer Wright. He noted the ribbon on Officer Wright's shield which was in memory of Smyth County Deputy Hunter Reedy who was recently killed in the line of duty. He noted that Nelson County certainly sympathized and empathized with Smyth County after the loss of Chris Wager here. He thanked Officer Wright for showing support to Smyth County.

V. NEW & UNFINISHED BUSINESS

A. Lovingston Sewer Project Support Agreement (**R2024-59**)

Ms. McGarry reported that the Board had been briefed over the past few months that this project would come before them for consideration. She explained that the support agreement was for the Lovingston

Sewer Project and was required by the financing entity, which was USDA Rural Utility Service. She indicated that the support agreement was required to be executed between all entities, in order for the Service Authority to take on the $600,000 loan from USDA Rural Utility Service.

Jennifer Fitzgerald, Assistant Executive Director of the Nelson County Service Authority was present to discuss the project. She reported that approximately 16,000 linear feet of clay pipe currently served the Lovingston community, and of that, 8,000 linear feet would either be replaced or lined with cured in place pipe (CIPP). She explained that the CIPP technology was a trenchless rehabilitation method that was used to replace existing pipelines. She noted that it was a jointless, seamless pipe lining within the existing pipe. She indicated that one of the benefits of the CIPP technology was that it did not require excavation to rehabilitate a pipeline that was leaking or structurally unsound. She noted that this method would extend the pipeline for up to 50 years, which was almost the timeframe that the pipeline had been in the ground. Ms. Fitzgerald indicated that the repairs would eliminate the inflow and infiltration issues that they were currently experiencing with the system during large rain events. She reported that the Service Authority had one (1) to two (2) manhole overflows or blockages per year, which was mainly cause by root intrusion of the pipe. She pointed out that sanitary sewer overflows were a public health concern that impacted the environment and were also prohibited by the Virginia Pollution Discharge Elimination Permit issued by the Virginia Department of Environmental Quality.

Ms. Fitzgerald reported that as part of the project, they would be replacing 31 manhole covers and frames, along with the lining of the sewer laterals and manholes. She explained that the project would start off with CCTV inspections of the sewer lines, which is where they would inspect the sewer lines by camera without having to dig. She noted that this method was a very effective way to monitor the pipe without having to disrupt the current sewer line or dig up someone's yard.

Ms. Fitzgerald reviewed the project schedule. She noted it took longer for the agreement to be approved by USDA's Office of General Counsel than anticipated. She also noted the unexpected passing of their project engineer. She reported that the initial start of the project was to be July 2024 and noted that they anticipated that the delay would delay the project by about five (5) to six (6) months. She reported that the total project budget was $2,235,000 with a grant of 71 percent of that amount. She indicated that the project was estimated to take 18 months to complete.

Mr. Rutherford asked if the grant was similar to the one received for Schuyler. Ms. Fitzgerald confirmed that it was. Mr. Rutherford asked if the grant was income based. Ms. Fitzgerald confirmed that the grant was based on income. She noted that was the maximum amount of grant they could get.

Mr. Rutherford noted it was another great thing for Lovingston and very timely. He commented that the terra cotta pipe had been a recurring issue. He also noted that there had been many issues with the manholes in Lovingston. He asked that they look at some Community Development Block Grants for water infrastructure as it related to the water pipes. He noted that the water lines were around the same age as the terra cotta pipe. He offered to advocate or assist if needed. He suggested that if they were going to be doing the work, this was the best four (4) to five (5) year block of time to have it done.

Dr. Ligon asked if it was possible that the CCTV inspection would reveal that the pipes were too far gone to use the repair process selected. Ms. Fitzgerald noted that it would not. She explained that the process was very effective and cured in place. She noted that in essence it created a whole pipe inside deteriorated/separated pipe currently in place. Mr. Rutherford noted that the process was pretty sophisticated, but basically a pump sprayed a fluid inside the pipe which stuck to the interior of the pipe and hardened up. He indicated that they also used it in Schuyler. Ms. Fitzgerald noted it was also done in Gladstone.

Ms. McGarry indicated that **Resolution R2024-59** was provided to create a moral obligation to finance the loan portion of the project, which would be a commitment of approximately $28,000 per year. She noted that the amount was dependent on the interest rate at closing. She noted that the other obligation that the County had was to establish a 10 percent reserve for 10 years, until there is one (1) annual payment accumulated, which would be equivalent to the $28,000 per year in Debt Service that the Board would provide to the Service Authority for payment of the loan portion of the project.

Mr. Rutherford moved to approve **Resolution R2024-59** as presented and Dr. Ligon seconded the motion. There being no further discussion, Supervisors approved the motion unanimously (3-0) by roll call vote and the following resolution was adopted:

RESOLUTION R2024-59
NELSON COUNTY BOARD OF SUPERVISORS
RESOLUTION TO APPROVE A SUPPORT AGREEMENT
IN CONNECTION WITH THE ISSUANCE OF A REVENUE BOND BY
THE NELSON COUNTY SERVICE AUTHORITY

WHEREAS, pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), the Board of Supervisors of Nelson County, Virginia (the "Board") created the Nelson County Service Authority (the "Authority"); and

WHEREAS, the Authority is empowered to acquire, purchase, lease, construct, reconstruct, improve, extend, operate, maintain, and finance water and wastewater systems, and to otherwise have, possess, and exercise the powers granted by the Act and as otherwise authorized or permitted by law; and

WHEREAS, pursuant to the Act, the Authority is empowered to pledge for the payment of principal and interest on its revenue bonds the revenues of such water and wastewater systems, or any portion thereof, so long as the full faith and credit of the Commonwealth of Virginia, the County of Nelson, Virginia (the "County"), or any other political subdivision of the Commonwealth of Virginia are not pledged to the payment of such bonds; and

WHEREAS, the Authority desires to obtain long-term financing to provide funds to pay all or any portion of the capital costs, including for the payment or reimbursement of principal and interest accrued for interim financing, to (i) acquire, construct, rehabilitate, and equip various improvements to the Authority's wastewater (sewer) collection and treatment system and facilities related thereto, including in the Lovingston area, and (ii) pay issuance costs in connection with such undertakings (collectively, the "Project"); and

WHEREAS, the United States of America, acting through Rural Utilities Service, an agency of the United States Department of Agriculture ("RUS") has offered to purchase a not to exceed $641,000 Nelson County Service Authority Wastewater Revenue Bond (Lovingston Sewer Project) (the "Authority Bond") to provide the permanent financing needed by the Authority to pay all or any portion of the costs of the Project on the terms and conditions described in that certain RUS Letter of Conditions, dated February 14, 2024 (the "Letter of Conditions"); and

WHEREAS, in the Letter of Conditions, RUS advised that the Authority is eligible for RUS grants not to exceed $1,594,000; and

WHEREAS, the Board of the Authority met on July 18, 2024 and authorized issuance of the Authority Bond for the Project, among other approvals, and requested that this Board approve a Support Agreement providing for a non-binding obligation of the Board to appropriate sufficient amounts to the Authority in connection to the payment obligations of the Authority under the Authority Bond and the funding and maintenance of a Debt Service Reserve Fund, as set forth in the Letter of Conditions; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of Nelson County Virginia, as follows:

1. The Board, acting as the governing body of the County, hereby approves the execution and delivery of a Support Agreement by the County, to be dated the date of issuance and delivery of the Authority Bond to RUS (the "Support Agreement"), in connection with the undertakings of the Authority under the Authority Bond. The Chair or Vice Chair of the Board, or the County Administrator, any one or more of whom may act (whether individually or collectively, the "County Representative"), are each hereby authorized and directed to execute and deliver the Support Agreement substantially in the form attached to this Resolution as **Exhibit A**, which form is hereby approved. To such end, the Board hereby covenants and agrees to undertake a non-binding obligation to appropriate such amounts as may be requested from time to time, if any, in order to pay the debt service on the Authority Bond and other payment obligations of the Authority related to the Authority Bond, including the funding and maintenance of the Debt Service Reserve Fund described in the Letter of Conditions. Such moral obligation pledge of the County in connection with the Authority Bond is hereby approved and made to the fullest degree and in such manner as is consistent with the Constitution of Virginia and laws of the Commonwealth of Virginia, *provided, however*, that such pledge shall not be deemed to be a lending of the credit of the County to RUS or to any other person or entity or otherwise deemed to be a pledge of the faith and credit or the taxing power of the County, and such pledge shall not bind or obligate the Board or any future Board to appropriate funds for such purposes or otherwise in connection with the Authority Bond.

2. The County Representative and such officers, employees, and agents of the County as any one or more of them may designate, are each authorized and directed to execute and deliver any and all additional instruments, certificates, and other documents as may be necessary or convenient in order to carry out the purposes of this Resolution, all as may be advised by legal counsel.

3. This Resolution shall be effective immediately upon its adoption.

BOARD OF
SUPERVISORS

THOMAS D. HARVEY
North District

ERNIE Q. REED
Central District

JESSE N. RUTHERFORD
East District

J. DAVID PARR
West District

DR. JESSICA LIGON
South District

NELSON COUNTY 1807 VIRGINIA

CANDICE W. MCGARRY
County Administrator

AMANDA B. SPIVEY
Administrative Assistant/
Deputy Clerk

LINDA K. STATON
Director of Finance and
Human Resources

RESOLUTION R2024-59
NELSON COUNTY BOARD OF SUPERVISORS
RESOLUTION TO APPROVE A SUPPORT AGREEMENT IN CONNECTION WITH THE ISSUANCE OF A REVENUE BOND BY THE NELSON COUNTY SERVICE AUTHORITY

WHEREAS, pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Title 15.2, Code of Virginia of 1950, as amended (the "Act"), the Board of Supervisors of Nelson County, Virginia (the "Board") created the Nelson County Service Authority (the "Authority"); and

WHEREAS, the Authority is empowered to acquire, purchase, lease, construct, reconstruct, improve, extend, operate, maintain, and finance water and wastewater systems, and to otherwise have, possess, and exercise the powers granted by the Act and as otherwise authorized or permitted by law; and

WHEREAS, pursuant to the Act, the Authority is empowered to pledge for the payment of principal and interest on its revenue bonds the revenues of such water and wastewater systems, or any portion thereof, so long as the full faith and credit of the Commonwealth of Virginia, the County of Nelson, Virginia (the "County"), or any other political subdivision of the Commonwealth of Virginia are not pledged to the payment of such bonds; and

WHEREAS, the Authority desires to obtain long-term financing to provide funds to pay all or any portion of the capital costs, including for the payment or reimbursement of principal and interest accrued for interim financing, to (i) acquire, construct, rehabilitate, and equip various improvements to the Authority's wastewater (sewer) collection and treatment system and facilities related thereto, including in the Lovingston area, and (ii) pay issuance costs in connection with such undertakings (collectively, the "Project"); and

WHEREAS, the United States of America, acting through Rural Utilities Service, an agency of the United States Department of Agriculture ("RUS") has offered to purchase a not to exceed $641,000 Nelson County Service Authority Wastewater Revenue Bond (Lovingston Sewer Project) (the "Authority Bond") to provide the permanent financing needed by the Authority to pay all or any portion of the costs of the Project on the terms and conditions described in that certain RUS Letter of Conditions, dated February 14, 2024 (the "Letter of Conditions"); and

WHEREAS, in the Letter of Conditions, RUS advised that the Authority is eligible for RUS grants not to exceed $1,594,000; and

WHEREAS, the Board of the Authority met on July 18, 2024 and authorized issuance of the Authority Bond for the Project, among other approvals, and requested that this Board approve a Support Agreement providing for a non-binding obligation of the Board to appropriate sufficient amounts to the Authority in connection to the payment obligations of the Authority under the Authority Bond and the funding and maintenance of a Debt Service Reserve Fund, as set forth in the Letter of Conditions; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors of Nelson County Virginia, as follows:

1. The Board, acting as the governing body of the County, hereby approves the execution and delivery of a Support Agreement by the County, to be dated the date of issuance and delivery of the Authority Bond to RUS (the "Support Agreement"), in connection with the undertakings of the Authority under the Authority Bond. The Chair or Vice Chair of the Board, or the County Administrator, any one or more of whom may act (whether individually or collectively, the "County Representative"), are each hereby authorized and directed to execute and deliver the Support Agreement substantially in the form attached to this Resolution as **Exhibit A**, which form is hereby approved.

To such end, the Board hereby covenants and agrees to undertake a non-binding obligation to appropriate such amounts as may be requested from time to time, if any, in order to pay the debt service on the Authority Bond and other payment obligations of the Authority related to the Authority Bond, including the funding and maintenance of the Debt Service Reserve Fund described in the Letter of Conditions. Such moral obligation pledge of the County in connection with the Authority Bond is hereby approved and made to the fullest degree and in such manner as is consistent with the Constitution of Virginia and laws of the Commonwealth of Virginia, *provided, however*, that such pledge shall not be deemed to be a lending of the credit of the County to RUS or to any other person or entity or otherwise deemed to be a pledge of the faith and credit or the taxing power of the County, and such pledge shall not bind or obligate the Board or any future Board to appropriate funds for such purposes or otherwise in connection with the Authority Bond.

2. The County Representative and such officers, employees, and agents of the County as any one or more of them may designate, are each authorized and directed to execute and deliver any and all additional instruments, certificates, and other documents as may be necessary or convenient in order to carry out the purposes of this Resolution, all as may be advised by legal counsel.

3. This Resolution shall be effective immediately upon its adoption.

Approved: August 13, 2024

BOARD OF SUPERVISORS OF
NELSON COUNTY, VIRGINIA,

Chair

Exhibit A: Form of Support Agreement

CERTIFICATE

The undersigned Clerk of the Board of Supervisors of Nelson County, Virginia hereby certifies that the foregoing constitutes a true and correct copy of a resolution adopted by the Board at a regular meeting duly held and called on August 13, 2024 at which at least a quorum of the Board was present and acting throughout, and that a record of the roll-call vote is as follows:

Name	AYE	NAY	ABSTAIN	ABSENT
J. David Parr, Chair	X			
Ernie Q. Reed, Vice Chair				X
Jesse Rutherford	X			
Thomas D. Harvey				X
Dr. Jessica Ligon	X			

Dated: August 13, 2024

[SEAL]

Carla W. McGann

Clerk
Board of Supervisors, Nelson County, Virginia

EXHIBIT A

SUPPORT AGREEMENT
NELSON COUNTY SERVICE AUTHORITY

This **SUPPORT AGREEMENT** is made as of __________, 202_, by and among the **BOARD OF SUPERVISORS OF NELSON COUNTY, VIRGINIA** (the "Board of Supervisors"), acting as the governing body of the County of Nelson, Virginia (the "County"), **NELSON COUNTY SERVICE AUTHORITY** (the "Authority"), and the **UNITED STATES OF AMERICA, ACTING THROUGH RURAL UTILITIES SERVICE, AN AGENCY OF THE UNITED STATES DEPARTMENT OF AGRICULTURE** ("RUS" or the "Bondholder").

RECITALS

WHEREAS, pursuant to Chapter 51, Title 15.2 of the Code of Virginia, 1950, as amended (the "Act"), the Authority is empowered to acquire, purchase, lease, construct, reconstruct, improve, extend, operate, maintain, and finance water and wastewater (sewer) systems, and to otherwise have and exercise the powers granted by the Act and as otherwise authorized or permitted by law; and

WHEREAS, pursuant to the Act, the Authority is empowered to pledge for the payment of principal and interest on its revenue bonds the revenues of such systems, or any portion thereof, so long as the full faith and credit of the Commonwealth of Virginia, the County of Nelson, Virginia (the "County") or any other political subdivision of the Commonwealth of Virginia, are not pledged to the payment of such revenue bonds; and

WHEREAS, the Authority desired to obtain long-term financing to provide funds to pay all or any portion of the capital costs, including for the payment or reimbursement of principal and interest accrued for interim financing, to (i) acquire, construct, rehabilitate, and equip various improvements to the Authority's wastewater (sewer) collection and treatment system and facilities related thereto, including in the Lovingston area, and (ii) pay costs of issuance in connection with such undertakings (collectively, the "Project"); and

WHEREAS, the United States of America, acting through Rural Utilities Service, an agency of the United States Department of Agriculture ("RUS") offered to purchase a not to exceed $641,000 Nelson County Service Authority Wastewater Revenue Bond (Lovingston Sewer Project) (the "Authority Bond") to provide permanent financing needed by the Authority to pay all or any portion of the costs of the Project on the terms and conditions described in that certain RUS Letter of Conditions, dated February 14, 2024 (the "Letter of Conditions"); and

WHEREAS, in the Letter of Conditions, RUS advised that the Authority is eligible for RUS grants not to exceed $1,594,000; and

WHEREAS, on August 13, 2024 the Board of Supervisors adopted a resolution authorizing, among other things, the execution of an agreement providing for a non-binding moral obligation of the Board to consider certain appropriations in support of the Authority Bond and the Project (the "County Resolution"); and

WHEREAS, on __________, 202__ (referenced herein as the "Closing Date"), RUS has purchased the Authority Bond, in order for the Authority to provide financing to undertake the Project; and

WHEREAS, the Authority Bond is authorized and issued by the Authority pursuant to the Act, and, further, pursuant to the terms of that certain authorizing resolution duly approved by the Authority on July 18, 2024, including an RUS Form 1780-27 Resolution; and

WHEREAS, the principal and interest due on the Authority Bond will be secured by, and payable from, the revenues and receipts received by the Authority from its wastewater (sewer) system facilities; and

WHEREAS, as additional security for the payment of the principal of and interest on the Authority Bond, among other obligations of the Authority, the Board of Supervisors, pursuant to the County Resolution, has authorized the execution and delivery of this Support Agreement to provide its agreement for a non-binding moral obligation to consider appropriating such amounts as may be requested from time to time by the Authority, to the fullest degree and in such manner as is consistent with the Virginia Constitution and laws of the Commonwealth of Virginia, in order for the County to pay to the Authority, among other amounts, for the payment of principal and interest on the Authority Bond, and the funding and maintenance of a Debt Service Reserve Fund as set forth in the Letter of Conditions, and has recommended that future Boards of Supervisors do likewise.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing and of the mutual covenants set forth herein, the parties hereto agree as follows:

1. The Authority shall use its best efforts to issue the Authority Bond and to use the proceeds of the Authority Bond to finance the costs of the Project, and to construct and place the Project in operation at the earliest practical date.

2. During the term of this Support Agreement, the County Administrator has been directed by the Board of Supervisors, pursuant to the terms and provisions of the County Resolution, to coordinate with the Authority in order for the County Administrator to submit to the Board of Supervisors for each fiscal year while the Authority Bond remains outstanding, a request to the Board of Supervisors for an appropriation to the Authority for (a) an amount equal to the principal and interest payments coming due under the Authority Bond for the next ensuing fiscal year, (b) the amount required for the Debt Service Reserve Fund accumulated at the rate of ten percent (10%) of each loan installment for a period of ten (10) years until equal to at least one annual loan installment, to be held by the Authority as additional security for RUS, as required by the Letter of Conditions.

3. Any such obligation of the County to make payments pursuant to this Support Agreement shall, under all circumstances, be subject to and dependent upon appropriations being made, from time to time, by the Board of Supervisors for such purposes, in accordance with law. If at any time the appropriation(s) by the Board of Supervisors are insufficient for the debt service on the Authority Bond to be paid on behalf of the Authority or to fund the deposits into the Debt Service Reserve Fund, the County Administrator shall promptly present a request for a supplemental appropriation to the Board of Supervisors in the amount of any such deficiency, and the Board of Supervisors shall consider such request at its next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the County Administrator shall notify the Authority and RUS whether the amount so requested was appropriated.

4. Subject to the provisions hereof, it is hereby acknowledged that the reasonable expectation of the parties is that the County shall provide funds for the payment of debt service on the Authority Bond to the Authority and provide funds for required deposits to the Debt Service Reserve Fund, in the amount of any annual or other supplemental appropriations made by the Board of Supervisors pursuant to this Support Agreement. To such end, the Board of Supervisors hereby undertakes a non-binding moral obligation to appropriate such payments to the Authority from time to time, in such manner and in amounts as may be required under the Authority Bond, the Letter of Conditions, and this Support Agreement, to the fullest degree and in such manner as is consistent with the Virginia Constitution and laws of the Commonwealth of Virginia. The Board of Supervisors, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Boards of Supervisors do likewise.

5. **Nothing contained in this Support Agreement is or shall be deemed to be a lending of the credit of the County to the Bondholder, the Authority, or any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of County. Nothing contained in this Support Agreement shall legally bind or obligate the Board of Supervisors to appropriate funds to pay the debt service on the Authority Bond, any other payments, or fund or maintain the Debt Service Reserve Fund or for any other purposes described in this Support Agreement or otherwise contemplated thereunder or hereunder.**

6. The Board of Supervisors acknowledges that it is entering into this Support Agreement on behalf of the County in consideration for the Authority undertaking the Project for the benefit of the County and the general public and for its welfare and prosperity. Annual appropriations (or other timely appropriations) by the Board of Supervisors pursuant to this Support Agreement, therefore, are reasonably expected to be essential in order for the installments of principal of and interest on the Authority Bond to be paid to the Bondholder, and for the payment of any other obligations of the County or Authority in connection with the Authority Bond.

7. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the County, to the County Administrator's Office, Post Office Box 336, Lovingston, Virginia 22949, Attention: County Administrator, (ii) if to the Authority, to Post Office Box 249, Lovingston, Virginia 22949, Attention: Executive Director, and (iii) if to RUS, to 1934 Deyerle Ave, Harrisonburg, Virginia

22801, Attention: Community Programs Specialist. Any party may designate any other address for notices or requests by giving notice.

8. This Support Agreement shall be governed by the laws of the Commonwealth of Virginia, and shall remain in full force and effect until the Authority Bond and any other obligations of the Authority pursuant thereto shall be paid, in full.

9. If any clause, provision, or section of this Support Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Support Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Support Agreement.

10. For the convenience of the parties, this Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

BOARD OF SUPERVISORS OF
NELSON COUNTY, VIRGINIA

By: ______________________________

_______________, Chair

[Signature Page to Support Agreement – Board of Supervisors]

NELSON COUNTY SERVICE AUTHORITY

By: ______________________________
_______________, Chair

[Signature Page to Support Agreement – Nelson County Service Authority]

THE UNITED STATES OF AMERICA, ACTING THROUGH RURAL UTILITIES SERVICE, AN AGENCY OF THE UNITED STATES DEPARTMENT OF AGRICULTURE

By: ______________________________

[Signature Page to Support Agreement – USDA]

Thomas Jefferson
Planning District Commission

IV C

- *2026 Legislative Priorities* -

PUBLIC EDUCATION FUNDING

We urge the State to fully fund its share of the realistic costs of the Standards of Quality (SOQ) and reverse policy changes that previously reduced funding or shifted funding responsibility to localities.

• The Joint Legislative Audit and Review Commission (JLARC) report on K-12 education funding found that public education in Virginia is underfunded, noting that local school divisions receive less funding per student than divisions in other states and several key funding benchmarks.

• Localities need an adequately defined SOQ that more equitably shares the costs of public education between the state and local governments.

• Localities and school divisions should have flexibility in the use of state funds provided for school employee compensation.

• We support allowing all localities the option of levying a one-cent sales tax to be used for construction or renovation of schools.

BUDGETS AND FUNDING

We urge the governor and legislature to preserve and enhance state aid to localities, to not impose mandates on or shift costs to localities, and to enhance local revenue options.

• Adequate state investment for local service delivery is crucial.

• We oppose unfunded state and federal mandates and the cost shifting that occurs when the state or federal government fails to fund requirements or reduces or eliminates funding for programs.

• We urge the state to avoid shifting costs for programs previously supported by federal funds to localities, and to collaborate with local governments to implement required changes to programs with shared state/local responsibility.

• We support additional revenue options for localities to diversify the local revenue stream; the state should not restrict local revenue or confiscate or redirect local dollars to the state treasury.

LAND USE and GROWTH MANAGEMENT

We encourage the State to resist preempting or circumventing existing land use authorities, and to support local authority to plan and regulate land use.

• We support local control of decisions to plan and regulate land use and oppose legislation that weakens these key local responsibilities.

• We support the state providing local governments with additional tools to manage growth.

• We support local authority to address siting and other impacts of utility-scale clean energy resources, and state funding and technical assistance that address the planning, production, transmission, and deployment of such resources.

IV D

MEMORANDUM

To: Members, Board of Supervisors

From: Candy McGarry, County Administrator

Subject: Agenda Item IV. D FY26 End of Fiscal Year Report (General Fund)

Date: September 15, 2026

BACKGROUND:

Staff is providing an FY26 end of fiscal year report as of June 30, 2026 for the General Fund. This data is provided on a cash basis – all revenues and expenditures collected or expended as of June 30, 2026, whereas the end of fiscal year FY26 audit is done on an accrual basis – allocating all revenues and expenditures attributable to FY26 even if they were collected or expended thereafter. This accrual period typically runs July -September of each year. Projections shown were as of about May 2026.

Staff will begin providing the Board with General Fund fiscal reports on a quarterly basis at the regular meetings in October (Q1), January (Q2), April (Q3), and July (Q4) + September (EOY).

The Board will continue to receive monthly General Fund fiscal summary reports along with the Director of Finance and HR's monthly report.

EOY and Quarterly Report Format: Revenues and Expenditures will be compared on a Budgeted vs Actual basis showing the % of budget realized, and also on an Actual vs Projected basis showing the $ and % variance between Actual and Projected. The Quarterly report format will show the same data comparison, excluding the % variance between Actual and Projected. This is to simplify the Quarterly reports but can be added if desired. Report formatting can be tailored to the Board's informational needs at any time.

Revenues: Dept. Codes for each grouping of Revenues on the GL060 detailed reports are shown in the lefthand column. Major categories of Local Revenue are shown and then totaled, then State, Federal, Other, and Year Ending Balance and total revenues.

Expenditures: Dept. Codes for each grouping of Expenditures on the GL060 detailed reports are shown in the left-hand column. Groupings of expenditures match how they are shown on the GL060 detailed report; i.e. General & Finance Administration includes Departments 12010 through 12240.

Change in Net Position: Actual Total Revenues are compared to Actual Total Expenditures and Projected Total Revenues are compared to Projected Total Expenditures with a $ and % variance indicated for the Actual vs Projected. A positive Change in Net Position indicates an addition to General Fund Balance and a negative Change in Net Position indicates a deduction from (use of) General Fund Balance.

END OF FISCAL YEAR FY2026 ANALYSIS (CASH BASIS):

At the end of Fiscal Year FY26 Total Actual Revenues collected exceeded Total Actual Expenditures and resulted in a positive Change in Net Position of $2,658,708. This is because Actual Revenues realized were 102% or $882,896 higher than budgeted and actual expenditures were 97% of or ($1,775,812) less than budgeted.

The Projected Revenues exceeded the Projected Expenditures resulting in a positive projected Change in Net Position of $2,970,337. The Actual positive change in net position was (11.7%) of or ($311,629) less than what was projected. This was primarily due to total revenue projections being (0.4%) of or ($209,548) less than actual collections and total actual expenditures being 0.2% of or $102,081 more than what was projected.

Details regarding Actual vs Budgeted and Actual vs. Projected Revenues and Expenditures are provided below.

Local Revenues:

Actual local revenues were higher than budgeted but less than projected. Actual local revenues collected were 103% of or $1,328,616 of those budgeted and were (0.8%) or ($325,158) of those projected for the fiscal year.

- Contributing to the higher than budgeted actual collections were Property Taxes, Local Sales & Use Tax, Motor Vehicle License Fee, Recordation Tax, Transient Occupancy Tax, Landfill Tipping Fees, and EMS Revenue Recovery Fees. Actual collections that were less than budgeted were: Electric Consumer Utility Tax, Meals Tax, Building Permits, Interest on Investments, and all other.

- Contributing to the lower than projected actual collections were: Real Estate Taxes, Local Sales and Use Tax, Meals Tax, Building Permits, Interest on Investments, Landfill Tipping Fees, and EMS Revenue Recovery Fees.

State, Federal, Other, and Year Ending Balance (All Other):

Actual all other revenues collected were 100% of budgeted with the exception of State revenues collected at 92% of budgeted or ($447,071). These revenues are typically tied to reimbursable expenditures such as State Compensation Board reimbursements or grant funding so if funds are not expended then reimbursements are not received.

Expenditures:

Actual expenditures were 97% of or ($1,775,812) less than budgeted and were 0.2% of or $102,081 more than projected for the fiscal year.

- Most Departments expended less than budgeted except for Board of Supervisors, Animal Control, and revenue refunds. This was due to higher than budgeted fees for auditing services, higher than budgeted court case expenses related to medical care and sheltering of six dogs considered "evidence" in an animal cruelty case, and a higher level of citizen refunds than budgeted respectively. Reimbursement to the County of court case expenses are being sought through Court Ordered Restitution.

- While actual Capital Outlay expenditures were less than budgeted, an expenditure of $892,500 in land purchase deposit was charged to this department; offset by unexpended budgeted funds for other projects. These funds will be returned to the General Fund in FY27, through financing of the overall property purchase.

- Actual expenditures that were notably higher than projected include: CSA/At Risk Youth & Families and Capital Outlay. More eligible cases were established by the end of the fiscal year than projected. A portion of CSA/At Risk Youth and Families is offset by State Revenues and as previously noted, the projections for Capital Outlay expenditures did not include the land purchase deposit and it included completion of projects that were ultimately carried over into FY27.

- Actual expenditures were less than projected expenditures for many Departments, offsetting the notably higher expenditures than projected listed above. Some of these collective differences are related to grants, changes in personnel, and retained contingencies funds versus what was projected to be expended.

Statement of Revenues, Expenditures, and Change in Net Position
Fiscal Year Ended June 30, 2026 (Unaudited Cash Basis)

EOY FY26 General Fund (Operating)

Dept. Code	REVENUES	FY26 Budgeted Revenues As Amended ($)	FY26 Actual Revenues YTD ($)	Budget Realized (%)	FY26 Projected ($)	Variance Actual vs. Projected ($)	Variance Actual vs. Projected (%)
	Local						
1101	Real Estate Taxes	21,211,138	22,054,799	104%	22,231,062	(176,263)	-0.8%
1102	Public Service Tax	1,058,861	1,246,446	118%	1,246,446	-	0.0%
1103	Personal Property Tax & Mobile Home Tax	6,201,403	6,447,800	104%	6,381,347	66,453	1.0%
1201	Local Sales & Use Tax	2,328,792	2,438,360	105%	2,513,279	(74,919)	-3.1%
1202	Electric Consumer Utility Tax	556,378	520,545	94%	517,809	2,736	0.5%
1205	Motor Vehicle License	740,090	755,246	102%	740,090	15,156	2.0%
1207	Recordation Tax	365,000	427,269	117%	412,073	15,196	3.6%
1208-0001	Transient Occupancy Tax	2,614,364	2,821,298	108%	2,722,813	98,485	3.5%
1208-0002	Meals Tax	1,592,798	1,570,137	99%	1,621,560	(51,423)	-3.3%
1303-0008	Building Permits	365,000	291,073	80%	365,000	(73,927)	-25.4%
1501	Interest on Investments	1,100,000	1,037,767	94%	1,188,000	(150,233)	-14.5%
1608	Landfill Tipping Fees	222,000	231,285	104%	244,088	(12,803)	-5.5%
1901-0026	EMS Revenue Recovery	894,803	994,804	111%	1,005,098	(10,294)	-1.0%
	All Other Local Revenue	2,054,183	1,796,599	87%	1,769,920	26,679	1.5%
	Total Local Revenue	**41,304,811**	**42,633,427**	**103%**	**42,958,585**	**(325,158)**	**-0.8%**
						-	
2201-2404	**State**	**5,758,957**	**5,311,886**	92%	5,311,849	37	0.0%
3101-3303	**Federal**	**1,442,223**	**1,443,575**	100%	1,382,592	60,983	4.2%
4101	**Other**	**21,243**	**21,243**	100%	21,138	105	0.5%
9999	**Year Ending Balance**	**4,789,198**	**4,789,198**	100%	4,734,712	54,486	1.1%
						-	
	Total Revenues	**53,316,432**	**54,199,328**	**102%**	**54,408,876**	**(209,548)**	**-0.4%**
						-	

Dept. Code	EXPENDITURES	FY26 Budgeted Expenditures As Amended ($)	FY26 Actual Expenditures ($)	Budget Realized (%)	FY26 Projected ($)	Variance Actual vs. Projected ($)	Variance Actual vs. Projected (%)
11010	Board of Supervisors	206,574	212,578	103%	226,812	(14,234)	-6.7%
12010-12240	General & Financial Administration	2,319,122	2,278,264	98%	2,321,683	(43,419)	-1.9%
13010-13020	Board of Elections and Registrar	457,669	444,502	97%	440,517	3,985	0.9%
21010-21070	Courts	894,347	774,794	87%	822,255	(47,461)	-6.1%
22010	Commonwealth Attorney	763,304	745,388	98%	746,353	(965)	-0.1%
31020	Law Enforcement	3,326,581	3,247,562	98%	3,231,753	15,809	0.5%
32010-32060	Fire and Rescue Services	4,069,809	3,895,539	96%	3,980,565	(85,026)	-2.2%
33010	Corrections and Detention (ACRJ)	1,793,302	1,771,228	99%	1,793,302	(22,074)	-1.2%
34010	Inspections	434,123	412,673	95%	434,153	(21,480)	-5.2%
35010-35030	Other Protection (Animal Control & Med Ex)	380,504	411,897	108%	414,058	(2,161)	-0.5%
42030	Sanitation and Waste Removal	1,509,558	1,416,748	94%	1,502,353	(85,605)	-6.0%
430230-43040	General Maintenance (B&G, Motor Pool)	1,296,482	1,287,341	99%	1,284,589	2,752	0.2%
51010	Health (Health Department)	375,519	375,519	100%	375,519	-	0.0%
52010	Mental Health/ Community Services Board	150,000	150,000	100%	150,000	-	0.0%
53600	CSA/AT Risk Youth & Families	2,687,376	2,481,633	92%	2,035,251	446,382	18.0%
64010	Community College	2,124	2,124	100%	2,124	-	0.0%
71020	Parks & Recreation	494,906	350,375	71%	368,614	(18,239)	-5.2%
81010-81050	Planning & Community Development	963,388	962,287	100%	948,846	13,441	1.4%
82030	Environmental Management (TJSWCD)	46,507	27,107	58%	46,506	(19,400)	-71.6%
83010	VA Cooperative Extension	63,844	63,239	99%	63,444	(205)	-0.3%
91030	Non-Departmental	1,648,594	1,262,581	77%	1,283,038	(20,457)	-1.6%
91050	Capital Outlay	2,919,591	2,801,915	96%	2,583,921	217,994	7.8%
92010	Revenue Refunds	32,000	44,955	140%	32,000	12,955	28.8%
93100	Transfers	26,192,368	26,120,368	100%	26,120,368	-	0.0%
999000	Contingencies	288,841	-	0%	230,515	(230,515)	
	Total Expenditures	**53,316,432**	**51,540,620**	**97%**	**51,438,539**	**102,081**	**0.2%**
						-	
	FY26 Change in Net Position		**2,658,708**		**2,970,337**	**(311,629)**	**-11.7%**

V A

Financing Options Comparison

Nelson County, Virginia

September 15, 2026

Member NYSE | FINRA | SIPC

DAVENPORT PUBLIC FINANCE 1863

Member NYSE | FINRA | SIPC

Background

- Nelson County (the “County”) purchased (or is in the process of purchasing) two (2) tracts of land along Route 29 for governmental and/or economic development purposes.

- In 2022, the County purchased approximately 309 acres of land (for $2,500,000) to be used for governmental purposes (the “2022 Land Purchase”) and financed on a Tax-Exempt basis (per guidance from Bond Counsel).
  - The 2022 Land Purchase was originally funded with the $2,600,000 Economic Development Authority (“EDA”) Lease Revenue Bond Anticipation Note, Series 2022 with First National Bank (the “2022 Note”) that is scheduled to mature on 8/1/2027.

- In 2026, the County is in the process of purchasing approximately 683 acres of land (for $8,925,000) to be used for economic development and/or other purposes to be determined (the “2026 Land Purchase”; collectively with the 2022 Land Purchase, the “Land Purchases”) and financed on a Taxable basis (per guidance from Bond Counsel).
  - The 2026 Land Purchase is expected to funded with cash on hand until a debt financing mechanism is in place this fall.

- As previously discussed at County Board of Supervisors Meeting on the July 14, 2026, County Staff and Davenport were directed to explore the County’s options for the interim and/or permanent financing, including:
  - Distributing a Bank Request for Proposals (“RFP”) for interim (3-5 years) or permanent financing (up to 20 years) via a Direct Bank Loan; and
  - Application to the Virginia Resources Authority (“VRA”) Fall Pool for permanent financing (up to 30 years).

Financing Options Comparison | Interest Rates

- Ahead of the deadline to submit, the County received proposals from four (4) banks that were willing to provide all or a portion of the funding requested in the RFP.
  – A summary of the proposals received that focuses on the most viable Direct Bank Loan options and the VRA Fall Pool is reflected below and on the following page.

Observations

- Generally, VRA is currently estimated to provide the lowest fixed cost of funds for the fully amortizing permanent financing options.
- Based on these interest rates, the next page focuses on First National Bank and United Bank as interim financing the alternatives and VRA as the permanent financing choice.

	Funding Provider	Capital One (1)	First National Bank (2)	United Bank (3)	VRA (4)
1	**2022 Land Purchase (Tax-Exempt)**				
2	3-Year (All Due at Maturity)		✓ 3.78%	✓ 5.17%	
3	5-Year (All Due at Maturity)		✓ 3.85%	✓ 5.35%	
4	15-Year (Fully Amortizing)	✓ 4.99%	✓ 3.91% *Resets every 5 years*		✓ 3.73%
5	20-Year (Fully Amortizing)	✓ 5.15%	✓		✓ 4.04%
6	25-Year (Fully Amortizing)				✓ 4.27%
7	**2026 Land Purchase (Taxable)**				
8	3-Year (All Due at Maturity)			✓ 5.62%	
9	5-Year (All Due at Maturity)			✓ 5.77%	
10	15-Year (Fully Amortizing)	✓ 6.62%			✓ 5.12%
11	20-Year (Fully Amortizing)	✓ 6.75%			✓ 5.36%
12	25-Year (Fully Amortizing)				✓ 5.51%

(1) Interest rates may be locked in at any time but are subject to change until they are locked in if the 10-Year SOFR rate increases or decreases by more than 0.05%.
(2) For both the 15- and 20-year options, the interest rate is fixed for 5 years and resets every 5 years based on a formula outlined in the proposal.
(3) Interest rates will float with the market until 10 days prior to closing.
(4) Current Market Estimate for the VRA Fall Pool based on interest rates as of 8/26/2026. Preliminary, subject to change until VRA prices its bonds on/about 10/27/2026.

Financing Options Comparison | Key Terms

Observations

- For each of the interim financing options, the County would only pay interest (i.e., no amortization of principal) until a permanent financing is undertaken or other sources such as land sale proceeds are available.
- The County's existing loans with VRA are secured by the Courthouse and Judicial Complex, and these two financings could be secured by the same assets.
  - For the interim financing options, the Land Purchases would be encumbered.
- The County could sell portions of the Land Purchases under any option.

#	Lender	Type	Amortization of Principal	Collateral	Ability to Sell Land	
1	2022 Land Purchase (Tax-Exempt)					
2	FIRST NATIONAL BANK	Interim	X	Only Land Purchase	✓	No restrictions
3	VRA	Permanent	✓	Collateral already held by VRA	✓	Must use land sale proceeds to pay off debt or ultimate use allowable by VRA
4	2026 Land Purchase (Taxable)					
5	UNITED BANK	Interim	X	Only Land Purchase	✓	Must use land sale proceeds to pay off debt based on allocation of original principal (e.g., 50% sale must pay off 50% of debt)
6	VRA	Permanent	✓	Collateral already held by VRA	✓	Must use land sale proceeds to pay off debt or ultimate use allowable by VRA

Financing Options Comparison | Additional Affordability

Observations

- The table shown in the top right here reflects the County's estimated ability to afford additional projects within the current debt service budget based on a range of amortization terms for the Land Purchases.
  - As the term of the financing for the Land Purchases is extended (starting from the top left corner to the bottom right), the County's ability to afford additional projects generally increases.
- However, the total cost to the County over the life of these financings (shown in the bottom right here) increases as the term is extended.
- While a decision on the term of the financing is not required until mid-October, the ability to build in flexibility for future projects and the added long-term cost of doing so are important considerations in the financing decision.

Additional Affordability(1)

2022 Land Purchase (Tax-Exempt)	2026 Land Purchase (Taxable)		
	15-Year (VRA)	20-Year (VRA)	25-Year (VRA)
15-Year (VRA)	$2,655,000	$4,395,000	$5,355,000
20-Year (VRA)	$3,180,000	$4,550,000	$5,520,000
25-Year (VRA)	$3,475,000	$4,845,000	$5,675,000

Total Cost to the County(2)

2022 Land Purchase (Tax-Exempt)	2026 Land Purchase (Taxable)		
	15-Year (VRA)	20-Year (VRA)	25-Year (VRA)
15-Year (VRA)	$5,470,339	$7,319,542	$9,318,728
20-Year (VRA)	$5,906,869	$7,756,072	$9,755,258
25-Year (VRA)	$6,381,675	$8,230,878	$10,230,063

(1) Future affordability is calculated based on a Fall 2026 (FY 2027) issuance, a 25-year term, and an interest rate of 5%. Assumes that the County's General Fund Transfer to the Debt Service Fund remains constant at the FY 2027 level of $3.3 million and that the $4.6 million balance in the Debt Service Fund as of 6/30/2025 and estimated FY 2026 surplus of $268,500 in the Debt Service Fund are available to pay future debt service.

(2) Calculated based on the total debt service on the financings to final maturity minus the net proceeds received ($2.6 million for the 2022 Land Purchase and $8.9 million for the 2026 Land Purchase). Includes issuance costs and interest paid.

Recommendation / Next Steps

Recommendation

- Based on our review of the proposals and related analyses as well as discussions with the County and Bond Counsel, Davenport respectfully recommends that the County move forward with both financings through the VRA Fall Pool for the following reasons:
  - Flexibility to sell portions of the Land Purchases as desired (so long as sale proceeds are applied to paying down outstanding debt or the ultimate use of the land is a permitted project under VRA's guidelines).
  - Ability to begin amortizing principal as early as FY 2028 while still maintaining the flexibility mentioned above.
  - Straightforward approach to collateral without encumbering the Land Purchases.
  - Lowest all-in cost of funding for the amortization terms under consideration.

Next Steps

Date	Task
September 15 *2:00pm*	Board of Supervisors Meeting ▪ Davenport presents summary of bank proposals and comparison to VRA to the Board. ▪ County Board considers selecting the preferred financing approach. ▪ County Board considers formal approval of financing.
September 25	Deadline for County Board action.
October 27	VRA Bond Sale; interest rates locked in.
Balance of Oct./Nov.	Finalize financing documents.
November 17	VRA Closing, funds available to County.

Disclaimer

The enclosed information relates to an existing or potential municipal advisor engagement.

The U.S. Securities and Exchange Commission (the "SEC") has clarified that a broker, dealer or municipal securities dealer engaging in municipal advisory activities outside the scope of underwriting a particular issuance of municipal securities should be subject to municipal advisor registration. Davenport & Company LLC ("Davenport") has registered as a municipal advisor with the SEC. As a registered municipal advisor Davenport may provide advice to a municipal entity or obligated person. An obligated person is an entity other than a municipal entity, such as a not for profit corporation, that has commenced an application or negotiation with an entity to issue municipal securities on its behalf and for which it will provide support. If and when an issuer engages Davenport to provide financial advisory or consultant services with respect to the issuance of municipal securities, Davenport is obligated to evidence such a financial advisory relationship with a written agreement.

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RESOLUTION R2026-75
NELSON COUNTY BOARD OF SUPERVISORS
APPROVING LEASE FINANCING AND REFINANCING OF LAND PURCHASES

WHEREAS, the Board of Supervisors **(the "Board")** of the County of Nelson, Virginia **(the "County")** has previously entered into a lease financing arrangement with the Economic Development Authority of Nelson County, Virginia **(the "Authority")** to finance the County's acquisition of approximately 310 acres of land in the County **(the "2022 Property")** to be used for parks, recreation and other County governmental purposes, and in connection therewith the Authority issued its $2,600,000 Lease Revenue Bond Anticipation Note, Series 2022 **(the "2022 Note")** on behalf of the County; and

WHEREAS, the Board has determined that a true and very real need exists for the acquisition of additional land consisting of approximately 683 acres of land in the County for future economic development projects in the County and other County purposes **(the "2026 Property")**; and

WHEREAS, the County owns real property and personal property known as the County Courthouse and the County Courthouse Judicial Wing **(the "Leased Property")** currently being used for County governmental purposes and subject to lease financing arrangements with the Virginia Resources Authority **("VRA")**;

WHEREAS, the Board desires to amend and restate such lease financing arrangements with VRA in order to refinance the County's acquisition of the 2022 Property **(the "Tax-Exempt Project")** and finance the County's acquisition of the 2026 Property **(the "Taxable Project")** and VRA has indicated that the value of the Leased Property provides an aggregate insured value adequate to meet the collateral criteria of VRA for such financing, as further described in the Financing Lease (as defined below); and

WHEREAS, the Leased Property is essential to the governmental functions of the County, and the Board reasonably expects the Leased Property to continue to be essential to the governmental functions of the County for a period not less than the terms of the Prime Lease (as defined below) and the Financing Lease; and

WHEREAS, to assist in the financing of the Taxable Project, the Virginia Resources Authority **("VRA")** intends to (a) issue its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C **(as more particularly described in the below defined Financing Lease, the "VRA Bonds")** and, subject to VRA credit approval, to make available a portion of the proceeds to the County to finance all or a portion of the costs of the Taxable Project in the amount of approximately $8,925,000 plus local costs of issuance of the Taxable Lease Obligations (as defined below) or such other amount as requested by the County in writing and approved by VRA prior to the VRA Sale Date, as defined below **(the "Taxable Proceeds Requested")**; (b) amend and restate VRA's leasehold interest in the Leased Property pursuant to the terms of the Prime Lease; and (c) amend and restate VRA's lease of the Leased Property to the County pursuant to the terms of the Financing Lease **(the "Taxable Lease Obligations")**; and

WHEREAS, to assist in the financing of the Tax-Exempt Project, the VRA intends to (a) issue its VRA Bonds and, subject to VRA credit approval, to make available a portion of the proceeds to the County to finance all or a portion of the costs to accomplish the Tax-Exempt Project in an amount sufficient to prepay and refund the 2022 Note and pay local issuance costs of such refunding, or such other amount as requested by the County in writing and approved by VRA prior to the VRA Sale Date **(the "Tax-Exempt Proceeds Requested," together with the Taxable Proceeds Requested, the "Proceeds Requested")**; (b) amend and restate VRA's leasehold interest in the Leased Property pursuant to the terms of the Prime Lease; and (c) amend and restate VRA's lease of the Leased Property to the County pursuant to the terms of the Financing Lease **(collectively, the "Tax-Exempt Lease Obligations," together with the Taxable Lease Obligations, the "Lease Obligations")**; and

WHEREAS, the County has submitted its application to VRA for the financing of the Taxable Project and the Tax-Exempt Project, and to undertake the Lease Obligations; and

WHEREAS, VRA has advised the County that the sale date of the VRA Bonds is tentatively scheduled for October 27, 2026 but may occur, subject to market conditions, at any time between October 26 and November 30, 2026 **(the "VRA Sale Date")**, and that VRA's objective is to pay the County an amount which, in VRA's judgment, reflects the market value of the Lease Obligations under the Financing Lease **(the "Purchase Price Objective")**, taking into consideration such factors as the purchase price received by VRA for the VRA Bonds, the underwriters' discount and other issuance costs of the VRA Bonds, and other market conditions relating to the sale of the VRA Bonds; and

WHEREAS, such factors may result in the County receiving an amount other than the par amount of the aggregate principal components of the Lease Obligations under the Financing Lease and consequently the aggregate principal components of the Lease Obligations under the Financing Lease may be greater than the Proceeds Requested in order to receive an amount of proceeds that is not less than the Proceeds Requested;

WHEREAS, the Financing Lease shall provide that the aggregate total principal components of Lease Obligations and the interest component of the Lease Obligations will not exceed the parameters set forth herein; and

WHEREAS, there have been presented to this meeting drafts of the following documents **(together, the "Basic Documents")** in connection with the transactions described above, copies of which shall be filed with the records of the Board:

A. Amended and Restated Prime Lease, between the County and VRA, amending and restating the conveyance of certain interests in the Leased Property to VRA **(the "Prime Lease")**;

B. Local Lease Acquisition Agreement and Amended and Restated Financing Lease, between the County and VRA, (i) providing for a portion of the proceeds of the sale of the VRA Bonds to be provided by VRA to the County and (ii) amending and restating the conveyance to the County of a leasehold interest in the Leased Property **(the "Financing Lease")**; and

C. Amended and Restated Leasehold Deed of Trust and Security Agreement, between VRA and certain deed of trust trustees to be named therein, amending and restating VRA's leasehold interest in the Leased Property **(the "Leasehold Deed of Trust")**.

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. It is hereby found and determined that the terms of the Basic Documents in the respective forms presented to this meeting and incorporated in this Resolution are in the best interests of the County for the financing of the Tax-Exempt Project and the Taxable Project.

2. The Basic Documents and related financing documents are hereby approved in substantially the respective forms presented to this meeting. The Chairman, Vice Chairman, County Administrator **(each, a "Delegate")** and any officer of the Board who shall have power generally to execute contracts on behalf of the Board be, and each of them hereby is, authorized to execute, acknowledge, consent to and deliver, as appropriate, the Basic Documents, any documents to accomplish the prepayment and redemption in full of the 2022 Note, and other documents that may be required by VRA and any other related financing documents, with any changes, insertions and omissions therein as may be approved by the individuals executing them, such approval to be conclusively evidenced by the execution and delivery thereof. The actions of the Chairman, the Vice Chairman and the County Administrator, each of whom is authorized to act, shall be conclusive, and no further action shall be necessary on the part of the County.

The final pricing terms of the Financing Lease will be determined by VRA, subject to VRA's Purchase Price Objective and market conditions described in the Recitals hereof; provided, however that (i) the Tax-Exempt Lease Obligations shall be composed of principal components having a maximum aggregate principal amount of not to exceed $2,900,000 **(the "Maximum Authorized Tax-Exempt Principal Amount")** and interest components with a maximum interest rate of 5.50% per annum (exclusive of "supplemental interest" as provided in the Financing Lease), (ii) the Tax-Exempt Lease Obligations shall be payable over a term expiring not later than December 31, 2056, (iii) the Taxable Lease Obligations shall be composed of principal components having a maximum aggregate principal amount of not to exceed $9,700,000 **(the "Maximum Authorized Taxable Principal Amount")** and interest components with a maximum interest rate of 6.50% per annum (exclusive of "supplemental interest" as provided in the Financing Lease) and (iv) the Taxable Lease Obligations shall be payable over a term expiring not later than December 31, 2056. Subject to the preceding terms, the Board further authorizes VRA to determine the aggregate total of principal and interest components of the Taxable Lease Obligations and the Tax-Exempt Lease Obligations, establish schedules of Lease Obligations including the dates and amounts and the optional and extraordinary prepayment provisions, if any, of Lease Obligations, all in accordance with the provisions hereof. The term of the Prime Lease shall not be more than five years longer than the term of the Financing Lease; such term is intended to provide security to VRA in the event of default or non-appropriation by the County, all as more fully set forth in Financing Lease (or any supplement thereto).

Given the Purchase Price Objective and market conditions, it may become necessary to enter into the Financing Lease with aggregate principal components of the Taxable Lease Obligations greater than the Taxable Proceeds Requested. If the limitation on the maximum aggregate principal components of Taxable Lease Obligations on the Financing Lease set forth in this Section 2 restricts VRA's ability to generate the Taxable Proceeds Requested, the Financing Lease may be entered into for an amount less than the Proceeds Requested.

Given the Purchase Price Objective and market conditions, it may become necessary to enter into the Financing Lease with aggregate principal components of the Tax-Exempt Lease Obligations greater than the Tax-Exempt Proceeds Requested. If the limitation on the maximum aggregate principal components of Tax-Exempt Lease Obligations on the Financing Lease set forth in this Section 2 restricts VRA's ability to generate the Tax-Exempt Proceeds Requested, the Financing Lease may be entered into for an amount less than the Proceeds Requested.

The Chairman, the Vice Chairman, the County Administrator, or any of them and such other officer or officers of the County as either may designate are hereby authorized and directed to enter into the Financing Lease, the Prime Lease and any document connected with the termination and payment in full of the 2022 Note.

As set forth in the Financing Lease, the County agrees to pay such "supplemental interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish any VRA Reserve (as defined in the Financing Lease).

Rental Payments (as defined in the Financing Lease) due under the Financing Lease shall be payable in lawful money of the United States of America and otherwise comply with the terms set forth in the Financing Lease. The County may, at its option, prepay the principal components of Rental Payments upon the terms set forth in the Financing Lease.

3. The same officers of the Board, and the County Administrator and the County Attorney be, and each of them hereby is, authorized and directed to take all actions and procure, execute and deliver any and all

other agreements, financing statements, papers, instruments, title insurance policies, real property surveys and inspections, opinions, certificates, affidavits and other documents, and to do or cause to be done any and all other acts and things necessary or proper for carrying out the purposes and intent of this resolution and the Basic Documents that may be required by VRA, including the final selection and description of property to be utilized as the Leased Property as may be required by VRA prior to the recording of the Financing Lease. The same officers are authorized and directed to work with the County's bond counsel, Sands Anderson PC, and representatives of VRA, including without limitation McGuireWoods LLP, Bond Counsel to VRA, to perform all services and prepare all documentation necessary or appropriate for the execution, delivery and recording, as appropriate, of the Basic Documents.

4. The County represents and covenants that it shall not take or omit to take any action in relation to the Financing Lease the taking or omission of which would (a) cause the VRA Bonds related to the Tax-Exempt Lease Obligations to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended **(the "Code")** or (b) otherwise cause interest on any VRA Bonds related to the Tax-Exempt Lease Obligations to be includable in the gross income for Federal income tax purposes of the registered owners thereof under existing law. Without limiting the generality of the foregoing, the County shall comply with any provision of law that may require it at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the VRA Bonds. The County shall pay any such required rebate from legally available funds.

5. The County covenants that it shall not permit any proceeds derived from the Tax-Exempt Lease Obligations to be used in any manner that would result in (a) 10% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the County's use of the Leased Property, (b) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the County receives an opinion of nationally recognized bond counsel that compliance with any such covenant is not required or is no longer required in order to prevent the interest on the VRA Bonds from being includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law, the County need not comply with such covenant to the extent provided in such opinion.

6. Such officers of the County as may be requested are authorized and directed to execute and deliver a tax compliance agreement in relation to the Tax-Exempt Lease Obligations **(the "Tax Compliance Agreement")** in the form approved by the Chairman or Vice Chairman of the Board or the County Administrator, or any of them, in collaboration with the County's bond counsel, with such completions, omissions, insertions and changes as may be approved by the officers of the County executing such Tax Compliance Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof.

7. The undertaking by the County under the Financing Lease to make Rental Payments and any other payments due under the Lease Obligations shall be a limited obligation of the County, payable solely from funds to be appropriated by the Board from time to time for such purpose and shall not constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit of the County beyond any fiscal year for which the Board has lawfully appropriated from time to time. Nothing herein or in the Lease Obligations shall constitute a debt of the County within the meaning of any constitutional or statutory limitation or a pledge of the faith and credit or taxing power of the County.

8. The Board believes that funds sufficient to make payment of all amounts payable under the Lease Obligations can be obtained. While recognizing that it is not empowered to make any binding commitment to make such payments beyond the current fiscal year, the Board hereby states its intent to make annual appropriations for future fiscal years in amounts sufficient to make all such payments and hereby recommends that future Boards do likewise during the term of the Lease Obligations. The Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to include in the budget request for each fiscal year during the term of the Lease Obligations an amount sufficient to pay all amounts coming due under the Lease Obligations during such fiscal year. As soon as practicable after the submission of the County's annual budget to the Board, the County Administrator is authorized and directed to

deliver to VRA evidence that a request for an amount sufficient to make the payment of all amounts payable under the Lease Obligations has been made. Throughout the term of the Lease Obligations, the County Administrator shall deliver to VRA within 30 days after the adoption of the budget for each fiscal year, but not later than July 1, a certificate stating whether an amount equal to the Rental Payments and any other amounts due under the Lease Obligations which will be due during the next fiscal year has been appropriated by the Board in such budget. If at any time during any fiscal year of the County, the amount appropriated in the County's annual budget in any such fiscal year is insufficient to pay when due the amounts payable under the Lease Obligations, the Board directs the County Administrator, or such other officer who may be charged with the responsibility for preparing the County's annual budget, to submit to the Board at the next scheduled meeting, or as promptly as practicable but in any event within 45 days, a request for a supplemental appropriation sufficient to cover the deficit.

9. The County authorizes and consents to the inclusion of information with respect to the County to be contained in VRA's Preliminary Official Statement and VRA's Official Statement in final form, both prepared in connection with the sale of the VRA Bonds, a portion of the proceeds of which will be used to purchase the Lease Obligations. If appropriate, such disclosure documents shall be distributed in such manner and at such times as the Chairman of the Board, the Vice Chairman of the Board or the County Administrator, each of whom is authorized to act, shall determine. The Chairman of the Board, the Vice Chairman of the Board or the County Administrator, each of whom is authorized to act, are authorized and directed to take whatever actions are necessary and/or appropriate to aid VRA in ensuring compliance with Securities and Exchange Commission Rule 15c2-12.

10. The recitals to this resolution are hereby incorporated by reference and are declared to be findings of the Board in connection with its decision to finance the Tax-Exempt Project and the Taxable Project.

11. The Board hereby determines that it is in the best interests of the County to authorize the County Treasurer to participate in the Virginia State Non-Arbitrage Program in connection with the Lease Obligations, if so determined by the Chairman or Vice Chairman of the Board or County Administrator, or any of them, in collaboration with the County's Financial Advisor.

12. Nothing in this Resolution, the Basic Documents or other related documents shall constitute a debt or a pledge of the faith and credit of the County, and the County shall not be obligated to make any payments under the Basic Documents except from funds that may be appropriated by the Board.

13. All acts of the officers, agents and representatives of the County that are in conformity with the purposes and intent of this resolution and in furtherance of the leasing of the Leased Property by the County to finance the Tax-Exempt Project and the Taxable Project are hereby approved, ratified and confirmed.

14. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto, to record such document where appropriate and to pay from County funds all appropriate recording fees, taxes and related charges.

15. This Resolution shall be effective immediately upon its adoption.

Approved: ________________

Attest:____________________________,Clerk
Nelson County Board of Supervisors

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Clerk of the Board of Supervisors of the County of Nelson, Virginia hereby certifies that the Resolution set forth above was adopted during an open meeting on September 15, 2026, by the Board of Supervisors with the following votes:

Aye:

Nay:

Abstentions:

Absent:

Signed this ___ day of September, 2026.

By: ______________________________
Clerk, Board of Supervisors

Prepared by:
Anne Curtis Saunders
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219

Tax Parcel Nos.: 58B-3- 9A

AMENDED AND RESTATED PRIME LEASE

THIS AMENDED AND RESTATED PRIME LEASE IS EXEMPT FROM RECORDING TAXES UNDER SECTIONS 58.1-811(A)(3) AND 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED

This **AMENDED AND RESTATED PRIME LEASE** (as amended, modified, extended, restated or supplemented from time to time, this "Prime Lease") is dated as of September 18, 2026 (the "Effective Date"), and is a deed of lease made between the COUNTY OF NELSON, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the "Local Government"), as lessor, and the VIRGINIA RESOURCES AUTHORITY, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), as lessee.

RECITALS

A. On June 1, 2013, VRA and the Local Government entered into a Prime Lease, which was amended and restated by an Amended and Restated Prime Lease dated as of September 21, 2018, between VRA and the Local Government (as amended, the "Prior Prime Lease").

B. Under the Prior Prime Lease, VRA acquired a leasehold interest in the real estate described in **Exhibit A** (the "Real Estate") and the Improvements (as defined in the below defined Financing Lease) in order to assist the Local Government with financing the 2018 (as defined in the Financing Lease). The Prior Prime Lease was recorded in the Office of the Clerk of the Circuit Court for the County of Nelson as Instrument 180002515.

C. VRA and the Local Government desire to amend and restate the Prior Prime Lease in connection with the 2026C Project (as defined in the Financing Lease).

D. The Local Government is authorized pursuant to Section 15.2-1800 of the Code of Virginia of 1950, as amended (the "Code"), to lease the Real Estate and the Improvements (collectively, as more particularly described in the Financing Lease, the "Leased Property") to VRA.

E. VRA will lease the Leased Property back to the Local Government pursuant to a Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 18, 2026 (as amended, modified, extended, restated or supplemented from time to time, the "Financing Lease"), between the Local Government and VRA.

NOW THEREFORE, parties agree as follows:

1. Lease of Leased Property. The Prior Prime Lease is hereby amended and restated in its entirety. The Local Government hereby demises and leases to VRA, and VRA hereby leases from the Local Government, the Leased Property, upon the terms and conditions hereinafter set forth.

2. Definitions. Each capitalized term used and not otherwise defined herein has the same meaning given to it in the Financing Lease, unless the context requires otherwise.

3. Term. The term of this Prime Lease commences on the Effective Date and ends on October 1, 20__, unless such term is sooner terminated or relinquished as hereinafter provided.

4. Rental. VRA shall pay to the Local Government rent hereunder in the amount of $5.00. The Local Government hereby acknowledges receipt and sufficiency of the rental payment.

5. VRA's Use of the Leased Property. VRA shall use the Leased Property solely for the purpose of assisting the Local Government with the financing of the Project as well as for such purposes as may be incidental and necessary thereto, as provided in and subject to the terms of the Financing Lease.

6. Owner of Leased Property. The Local Government hereby represents and warrants that it is the owner of a fee simple interest in and to the Leased Property.

7. Assignment and Sublease; Encumbrances.

(a) VRA shall not sell, mortgage, pledge, assign or encumber its rights under this Prime Lease or sublet the Leased Property except in accordance with the terms of the Financing Lease.

(b) The Local Government agrees that, as long as any of the Rental Payments under the Financing Lease remain unpaid, except as specifically provided for herein or in the Financing Lease, the union of the interests of the Local Government and VRA shall not result in a merger of this Prime Lease and the fee interest in the Leased Property.

8. Termination. Upon the Local Government's satisfaction of all of the Rental Payments under the Financing Lease, this Prime Lease shall automatically be assigned to the Local Government and shall be terminated through merger of the leasehold interest with the fee simple interest. VRA shall, upon the earlier of such assignment and termination or the expiration of the term hereunder, surrender the Leased Property to the Local Government. Any Improvements existing upon the Real Estate at the time of termination of this Prime Lease shall remain thereon, and VRA shall have no interest therein, and such Improvements shall be free of any encumbrance imposed by VRA pursuant to or in connection with this Prime Lease or the Financing Lease at the time of such termination. Upon request by the Local Government, VRA shall execute and deliver to the Local Government an appropriate instrument assigning, transferring and conveying to the Local Government all of VRA's right, title and interest in this Prime Lease and the Leased Property free from any lien or security interest that was granted by VRA, but without other warranties, and shall enter into an appropriate instrument terminating this Prime Lease.

9. Default. The Local Government acknowledges that, upon an Event of Default or an Event of Non-Appropriation, VRA and the Trustee are each entitled to exercise any and all remedies available under the Financing Lease and the Indenture, including possession of any or

all of the Leased Property for the remainder of the term of this Prime Lease, subleasing any or all of the Leased Property or selling VRA's interest in any or all of the Leased Property. Notwithstanding the foregoing, if VRA or its assigns or sublessees shall receive a payment for the sale of its interest or total rental payments from the sublease that are, after payment of related expenses, in excess of all amounts due under the Financing Lease applicable at the time of the occurrence of an Event of Default or Event of Non-Appropriation, such excess shall be paid to the Local Government by VRA or its assigns or its sublessee.

The Local Government shall not exclude VRA or the Trustee, or both, from the Leased Property, take possession of the Leased Property (other than pursuant to the Financing Lease) or terminate this Prime Lease prior to the expiration of its term for any reason.

10. Quiet Enjoyment. Subject to Section 12 hereof, VRA shall have, hold and enjoy peaceably and quietly all of the Leased Property.

11. Further Assurances. The Local Government shall, to the fullest extent permitted by law, pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights of VRA under this Prime Lease, or as may be required to carry out the purposes of this Prime Lease. The Local Government shall, to the fullest extent permitted by law, defend, preserve and protect all rights of VRA under this Prime Lease against all claims and demands of all persons.

12. Leaseback to Local Government. Contemporaneously with the execution of this Prime Lease, VRA and the Local Government shall execute, and the Local Government shall deliver to VRA, the executed Financing Lease whereby VRA will lease back to the Local Government, and the Local Government will lease back from VRA, the Leased Property, in accordance with the terms thereof. Title to the Leased Property shall be deemed to remain in the Local Government at all times, subject to the leasehold interest of VRA.

13. Severability. If any clause, provision or section of this Prime Lease is held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remaining clauses, provisions and sections, and this Prime Lease shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. If any agreement or obligation contained in this Prime Lease is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Local Government or VRA, as the case may be, only to the extent permitted by law.

14. Notices. All notices or other communications given under this Prime Lease shall be delivered in accordance with the Financing Lease.

15. Counterparts. This Prime Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

16. Successors. This Prime Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

17. Applicable Law. This Prime Lease shall be governed by the applicable laws of the Commonwealth of Virginia.

18. Headings. The headings of the several sections of this Prime Lease are inserted for convenience only and do not comprise a part of this Prime Lease.

19. No Partnership. Nothing in this Prime Lease shall be construed as making any party a partner or joint venturer with any other party.

20. Amendments. This Prime Lease may not be amended except by written instrument signed by the parties hereto.

[Signature pages follow]

IN WITNESS WHEREOF, the Local Government and VRA are signing this Prime Lease as of the day and year first above written.

[SEAL]

COUNTY OF NELSON, VIRGINIA

By: ______________________________
Name: ______________________________
Title: ______________________________

ATTEST:

By: ______________________________
Name: ______________________________
Title: ______________________________

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF NELSON) to-wit:

The foregoing instrument was acknowledged before me in the County of Nelson, Virginia, this _____ day of ___________ 2026, by ______________________, as the ___________________________ of the Board of Supervisors of the County of Nelson, Virginia, on behalf thereof.

My commission expires: ________________________

[SEAL]

____
Notary Public
Registration No. ________________________

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF NELSON) to-wit:

The foregoing instrument was acknowledged before me in the County of Nelson, Virginia, this _____ day of __________ 2026, by __________, as the __________ of the Board of Supervisors of the County of Nelson, Virginia, on behalf thereof.

My commission expires: ________________________

[SEAL]

____
Notary Public
Registration No. ________________________

[SEAL]

VIRGINIA RESOURCES AUTHORITY

By: ________________________________
Name: Shawn B. Crumlish
Title: Executive Director

COMMONWEALTH OF VIRGINIA)
) to-wit:
CITY OF RICHMOND)

The foregoing instrument was acknowledged before me this ___ day of ________, 2026, by Shawn B. Crumlish, as Executive Director of Virginia Resources Authority, on behalf thereof.

My Commission Expires: January 31, 2030

Notary Registration Number: 7792895

[SEAL]

____
Notary Public

EXHIBIT A

DESCRIPTION OF REAL ESTATE

Tax Parcel No.: 58B-3- 9A:

All that parcel of land, together with appurtenances thereunto belonging, lying in the Lovingston Magisterial District of Nelson County Virginia, on the east side of the Court House Square in the Town of Lovingston, containing 0.475 acres and being more particularly described on a plat by Saunders Surveys, Inc., P. Massie Saunders, Jr., Surveyor, dated December 4, 2006, entitled "Plat Showing A Portion of the Property of Jane Tunstall Lingo", a copy of which is recorded in the aforesaid Clerk's Office in Plat Cabinet 5, Slide 31F.

Being the exact same parcel of land conveyed unto the County of Nelson from Florence E. Brown, also known as Florence Brown Hernandez, by deed dated April 10, 2008, and recorded in the aforesaid Clerk's Office as Instrument Number 080002624.

Prepared by:
Anne Curtis Saunders
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219

Tax Parcel Nos.: 58B-3-9A

LOCAL LEASE ACQUISITION AGREEMENT AND AMENDED AND RESTATED FINANCING LEASE

between

VIRGINIA RESOURCES AUTHORITY
as Lessor

and

COUNTY OF NELSON, VIRGINIA
as Lessee

Dated as of September 18, 2026

Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2018C

Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2026C (Tax-Exempt)

and

Virginia Resource Authority Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2026C (Taxable)

<u>THIS AGREEMENT IS EXEMPT FROM RECORDING TAXES UNDER SECTIONS 58.1-811(A)(3) AND 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED.</u>

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LOCAL LEASE ACQUISITION AGREEMENT AND AMENDED AND RESTATED FINANCING LEASE

This **LOCAL LEASE ACQUISITION AGREEMENT AND AMENDED AND RESTATED FINANCING LEASE** (this "Agreement") is a deed of lease made as of September 18, 2026, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), as Lessor, and the **COUNTY OF NELSON, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the "Local Government"), as Lessee.

A. On November 14, 2018, VRA issued its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2018C (the "2018C VRA Bonds"), and used a portion thereof to acquire a leasehold interest in certain real estate and improvements, which were leased back to the Local Government pursuant to a Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 21, 2018 (the "2018C Financing Lease"), between the Local Government and VRA.

B. VRA intends to issue its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Tax-Exempt) (the "2026C Tax-Exempt VRA Bonds") and to use a portion of the proceeds thereof to assist the Local Government in financing the 2026C Tax-Exempt Project (as defined below).

C. VRA further intends to issue its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Taxable) (the "2026C Taxable VRA Bonds" and together with the 2026C Tax-Exempt VRA Bonds, the “2026C VRA Bonds”) and to use a portion of the proceeds thereof to assist the Local Government in financing the 2026C Taxable Project (as defined below).

E. VRA and the Local Government are entering into this Agreement to amend and restate the 2018C Financing Lease to provide that the rental payments for the leasehold interest in the real estate and improvements that VRA is acquiring pursuant to the Prime Lease (as defined below) and leasing back to the Local Government pursuant to this Agreement will be sufficient to cover the debt service payments on the Related VRA Bonds (as defined below).

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, VRA and the Local Government agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 **<u>Definitions</u>**. Each capitalized term contained in this Agreement has the meaning set forth below unless otherwise defined or the context requires otherwise:

"2018C Acquisition Fund" has the meaning set forth in the Forty-Third Supplemental Series Indenture.

"2018C Financed Property" means the land, buildings, equipment and/or other property financed or refinanced as part of the 2018C Project.

"2018C Financing Lease" has the meaning set forth in the Recitals hereto.

"2018C Local Account" means the local account established for the 2018C Project within the 2018C Acquisition Fund.

"2018C Project" has the meaning set forth in **Exhibit B**.

"2018C VRA Bonds" means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2018C, in the original aggregate principal amount of $112,065,000, and, unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the 2018C VRA Bonds in whole or in part.

"2026C Acquisition Fund" has the meaning set forth in the Sixty-Fifth Supplemental Series Indenture.

"2026C Financed Property" means the land, buildings, equipment and/or other property financed or refinanced as part of the 2026C Project.

"2026C Financing Lease" has the meaning set forth in the Recitals hereto.

"2026C Project" means, collectively, the 2026C Tax-Exempt Project and the 2026C Taxable Project.

"2026C VRA Bonds" means, collectively, the 2026C Tax-Exempt VRA Bonds and the 2026C Taxable VRA Bonds.

"2026C Taxable Project" has the meaning set forth in **Exhibit B**.

"2026C Tax-Exempt Project" has the meaning set forth in **Exhibit B**.

"2026C Taxable VRA Bonds" the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Taxable), in the original aggregate principal amount set forth in Schedule 1.1, and unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the 2026C Taxable VRA Bonds in whole or in part.

"2026C Tax-Exempt VRA Bonds" the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Tax-Exempt), in the original aggregate principal amount set forth in Schedule 1.1, and unless the Local Government receives notice to the contrary from VRA, any bonds issued by VRA to refund the 2026C Tax-Exempt VRA Bonds in whole or in part.

"Act" means the Virginia Resources Authority Act, Chapter 21, Title 62.1 of the Code of Virginia of 1950, as amended.

"Agreement" means this Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of the date first written above, between VRA and the Local Government, as modified, altered, amended or supplemented in accordance with the terms hereof.

"Business Day" means any day on which commercial banking institutions are generally open for business in New York, New York and Richmond, Virginia.

"Closing Date" means November 17, 2026, or such other date as may be determined by VRA and set forth in **Schedule 1.1**.

"Commonwealth" means the Commonwealth of Virginia.

"Consulting Engineer" means the Local Engineer or the Outside Engineer.

"Deed of Trust" means the Amended and Restated Leasehold Deed of Trust and Security Agreement by VRA in favor of the Trustee and the deed of trust trustees named therein dated as of September 18, 2026, as modified, altered, amended or supplemented from time to time.

"Effective Date" means September 18, 2026.

"Event of Default" has the meaning set forth in Section 10.1.

"Event of Non-Appropriation" has the meaning set forth in Section 6.2.

"Financing Parameters" means the parameters established by the governing body of the Local Government regarding the terms and conditions of this Agreement, which may include a maximum principal amount of Rental Payments, maximum "true" interest cost or targeted savings.

"Fiscal Year" means the twelve-month period beginning July 1 of one year and ending on June 30 of the following year, or if the Local Government has established another twelve-month period as its annual accounting period such other twelve-month period.

"Forty-Third Supplemental Series Indenture" means the Forty-Third Supplemental Series Indenture of Trust dated as of November 1, 2018, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

"Government Obligations" means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

"Improvements" means the structures and improvements (including Personalty) now or hereafter located or situated on the Real Estate, whether or not pursuant to the undertaking of any Project.

"Insurance Consultant" means an independent insurance consultant experienced and of recognized standing in the field of municipal insurance.

"Lease Proceeds Amount" has the meaning set forth in **Schedule 1.1** and represents the amount received by the Local Government from VRA under this Agreement. The Lease Proceeds Amount will be determined by adding to or subtracting from the par amount of the Related 2026C VRA Bonds the net original issue premium or discount on the Related 2026C VRA Bonds and by subtracting from the par amount of the Related 2026C VRA Bonds the Local Government's share of VRA's expenses as set forth in Section 3.2 and the Local Government's share of the deposit on the Closing Date to the Capital Reserve Fund (which is a VRA Reserve).

"Lease Term" shall have the meaning set forth in Section 3.6.

"Leased Property" means all or any portion of the Real Estate or the Improvements or both, as context may require.

"Leases" means, collectively, this Agreement and the Prime Lease.

"Local Account" means the local account established for this Agreement within the 2026C Acquisition Fund.

"Local Authorization" means (i) the resolution adopted on September 11, 2018, by a majority of the members of the governing body of the Local Government approving the 2018C Project and the execution and delivery of the 2018C Financing Lease and (ii) the resolution adopted on September __, 2026, by a majority of the members of the governing body of the Local Government approving the 2026C Project and the execution and delivery of this Agreement and the other Local Lease Documents subject to the Financing Parameters.

"Local Engineer" means an officer or employee of the Local Government so designated in writing by a Local Representative, which officer or employee (i) is licensed as a professional engineer in Virginia, (ii) has recognized standing and experience in the design and construction of facilities similar to the Project and (iii) is subject to VRA's reasonable approval.

"Local Lease Documents" means, collectively, this Agreement, the Prime Lease and the Local Tax Document.

"Local Representative" means (i) the chair or vice chair of the governing body of the Local Government, (ii) the chief executive officer of the Local Government and (iii) any other official or employee of the Local Government authorized by resolution of the governing body of the Local Government to perform the act or sign the document in question.

"Local Tax Document" means (i) with respect to the Rental Payments relating to the 2026C Tax-Exempt Project, the Nonarbitrage Certificate and Tax Compliance Agreement dated the Closing Date, between the Local Government and VRA, as modified, altered, amended and supplemented in accordance with its terms, and (ii) with respect to the Rental Payments relating to the 2018C Project, the Nonarbitrage Certificate and Tax Compliance Agreement dated November 18, 2018, between the Local Government and VRA, as modified, altered, amended and supplemented in accordance with its terms.

"Master Indenture" means the Master Indenture of Trust dated as of December 1, 2003, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms.

"Outside Engineer" means a firm of independent consulting engineers with recognized standing in the field of structural engineering and licensed as professional engineers in Virginia that the Local Government designates in writing, subject to VRA's reasonable approval.

"Personalty" means, collectively: (i) all tangible personal property of every kind and description, whether stored on the Real Estate or elsewhere, including without limitation, all goods, materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment, machinery, and which in all cases is either (A) acquired or brought onto the Real Estate under or pursuant to any of the Contracts (as hereinafter defined) or (B) affixed or installed, or to be affixed or installed, in any manner on the Real Estate or the structural Improvements, regardless of whether such property, when installed, would be deemed fixtures or severable improvements; (ii) all architectural and engineering contracts (collectively, the "Contracts"), plans, specifications and drawings (including as-built drawings) which arise from or relate to the Leased Property; and (iii) all substitutions, replacements, additions, accessions and proceeds for or to any of the foregoing, and all books, records and files relating to any of the foregoing, regardless of whether kept or stored in tangible or electronic media.

"Pricing Objective" has the meaning set forth in Section 3.1(b).

"Prime Lease" means the Amended and Restated Prime Lease dated as of September 18, 2026, between the Local Government and VRA, as modified, altered, amended and supplemented in accordance with its terms and the terms of this Agreement.

"Proceeds Requested" means, with respect to the 2026C Taxable Project, $________, and with respect to the 2026C Tax-Exempt Project, $________, [in each case together with costs of issuance], or such other amount requested in writing by the Local Government and approved by VRA prior to the Sale Date.

"Project" means, collectively, the 2018C Project and the 2026C Project.

"Project Budget" means, collectively, the budgets for the 2018C Project and the 2026C Project as set forth in **Schedule 1.1**.

"Project Costs" means the costs of the 2018C Project and the 2026C Project, as applicable, to the extent such costs are included in the definition of "cost" set forth in Section 62.1-199 of the Act, and includes the refunding of obligations of VRA or the Local Government issued to finance or refinance "costs" set forth in Section 62.1-199 of the Act.

"Qualified Self-Insurance Plan" means any plan or program of self-insurance regarding which the Local Government has received an opinion of an Insurance Consultant that the Local Government has established an adequate, actuarially sound program for the funding of reserves for such self-insurance or an insurance pool established in accordance with the Virginia Code.

"Real Estate" means the real estate described in **Exhibit A**.

"Related 2026C Tax-Exempt VRA Bonds" means the portion of the 2026C Tax-Exempt VRA Bonds allocable to this Agreement (as determined by VRA), including any bonds issued by VRA to refund such 2026C Tax-Exempt VRA Bonds in whole or in part.

"Related 2018C VRA Bonds" means the portion of the 2018C VRA Bonds previously allocable to the 2018C Financing Lease and after the Closing Date allocable to this Agreement (as determined by VRA), including any bonds issued by VRA to refund such 2018C VRA Bonds in whole or in part.

"Related 2026C VRA Bonds" means the portion of the 2026C VRA Bonds allocable to this Agreement (as determined by VRA), including any bonds issued by VRA to refund such 2026C VRA Bonds in whole or in part.

"Related Financed Property" means, collectively, the 2018C Financed Property and the 2026C Financed Property.

"Related Supplemental Series Indenture" means, collectively, the Forty-Third Supplemental Series Indenture and the Sixty-Fifth Supplemental Series Indenture.

"Related VRA Bonds" means, collectively, the Related 2018C VRA Bonds and the Related 2026C VRA Bonds.

"Rental Payments" means the principal and interest components of the rental payments due to VRA from the Local Government pursuant to Section 5.1, including, but not limited to, Supplemental Interest, if Supplemental Interest is due and payable hereunder.

"Revenue Fund" has the meaning set forth in the Master Indenture.

"Sale Date" means October 27, 2026, or such other date specified in **Schedule 1.1**.

"Sixty-Fifth Supplemental Series Indenture" means the Sixty-Fifth Supplemental Series Indenture of Trust dated as of November 1, 2026, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

"Supplemental Interest" has the meaning set forth in Section 5.1.

"Trustee" means U.S. Bank Trust Company, National Association, Richmond, Virginia, as trustee under the Master Indenture and the Related Supplemental Series Indenture, or its successors serving in such capacity.

"Virginia Code" means the Code of Virginia of 1950, as amended.

"Virginia SNAP" means the Commonwealth State Non-Arbitrage Program.

"VRA" means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth.

"VRA Bonds" means, collectively, the 2018C VRA Bonds and the 2026C VRA Bonds and any additional bonds issued under the Master Indenture.

"VRA Reserve" means any one or more of the Capital Reserve Fund, the Infrastructure Debt Service Reserve Fund, the Operating Reserve Fund, a CRF Credit Facility or an Infrastructure Revenue DSRF Facility, each as defined in the Master Indenture.

Section 1.2 **Rules of Construction**. The following rules apply to the construction of this Agreement unless the context requires otherwise:

(a) Singular words connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of the Local Government's obligations under this Agreement do not refer to or connote the regularly-scheduled payment of the Rental Payments under this Agreement during the Lease Term.

(c) All references in this Agreement to particular Articles, Sections, Schedules or Exhibits are references to Articles, Sections, Schedules or Exhibits of this Agreement unless otherwise indicated.

(d) The headings and table of contents as used in this Agreement are solely for convenience of reference and do not constitute a part of this Agreement and do not affect its meaning, construction or effect.

ARTICLE II
REPRESENTATIONS

Section 2.1 **Representations by VRA**. VRA represents to the Local Government as follows:

(a) VRA is a duly created and validly existing public body corporate and political subdivision of the Commonwealth vested with the rights and powers conferred upon it under the Act.

(b) VRA has full right, power and authority to (i) issue, sell and deliver the 2026C VRA Bonds, (ii) enter into this Agreement as contemplated under the Sixty-Fifth Supplemental Series Indenture and this Agreement, (iii) execute and deliver this Agreement and the Sixty-Fifth Supplemental Series Indenture, and (iv) carry out and consummate all other transactions contemplated by this Agreement and the Sixty-Fifth Supplemental Series Indenture.

(c) When executed and delivered by VRA, this Agreement will have been duly authorized, executed and delivered by VRA and constitute a legal, valid and binding obligation of VRA enforceable against VRA in accordance with its terms.

Section 2.2 **Representations by Local Government**. The Local Government represents to VRA as of the Effective Date as follows:

(a) The Local Government is a duly created and validly existing Virginia "local government" (as defined in Section 62.1-199 of the Act) and is vested with the rights and powers conferred upon it by Virginia law.

(b) The Local Government has and as of the Closing Date will have full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Lease Documents and all related documents, (ii) lease the Real Estate and Improvements to VRA pursuant to the Prime Lease and to lease the Real Estate and Improvements back from VRA pursuant to this Agreement, (iii) undertake the Project, and (iv) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Lease Documents.

(c) The Local Government's resolution adopted on September __, 2026 (the "2026C Local Authorization") authorized the execution and delivery of this Agreement, and this Agreement is in substantially the same form as presented to the Local Government's governing body at its meeting at which the 2026C Local Authorization was adopted.

(d) The Local Government has obtained all governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the Effective Date for the Local Government's (i) adoption of the Local Authorization, (ii) execution and delivery of the Local Lease Documents, (iii) performance of its obligations under the Local Lease Documents, (iv) the undertaking of the 2026C Project and (v) the operation and use of the Leased Property and the Related Financed Property. The Local Government knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals required to be obtained after the Effective Date cannot be obtained as required in the future.

(e) This Agreement and the other Local Lease Documents have been executed and delivered by duly authorized officials of the Local Government and constitute legal, valid and binding obligations of the Local Government enforceable against the Local Government in accordance with their terms.

(f) The execution and delivery of the Local Lease Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of to the best of the Local Government's knowledge (i) any federal or Virginia constitutional or statutory provision, including the Local Government's charter or articles of incorporation, if any, (ii) any agreement or other instrument to which the Local Government is a party or by which it is bound or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

(g) The Local Government has complied with such procurement and public bidding requirements as may be applicable to the acquisition and installation by the Local Government of the Improvements.

(h) During the Lease Term, the Leased Property will be used by the Local Government only for the purpose of performing essential governmental or proprietary functions of the Local Government consistent with the permissible scope of the Local Government's authority. The Local Government does not intend to sell or otherwise dispose of the Real Estate or the Improvements or any interest therein prior to the last Rental Payment scheduled to be paid hereunder.

(i) The Local Government has an immediate need for the Leased Property and has been making use of the Leased Property since before the issuance of the 2018C VRA Bonds. The Local Government's need for the Leased Property is not temporary and the Local Government does not expect the need for any of the Leased Property to diminish during the Lease Term.

(j) No lease, rental agreement, lease-purchase agreement, payment agreement or contract for purchase to which the Local Government has been a party at any time has been terminated by the Local Government as a result of insufficient funds being appropriated in any Fiscal Year.

(k) The Local Government is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. No event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to this Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

(l) The Local Government, to the best of the Local Government's knowledge, (i) is not in violation of any existing law, rule or regulation applicable to it in any way that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Lease Documents and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Local Government is a party or by which it is bound or to which any of its assets is subject that would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Lease Documents. The Local Government's execution and delivery of the Local Lease Documents and its compliance with the terms and conditions thereof will not conflict with or result in a breach of or constitute a default under any of the foregoing.

(m) The Local Government reasonably expects that, unless otherwise permitted by the terms of the Local Lease Documents or approved by VRA, the Local Government will own, operate and control the Leased Property and the Related Financed Property at all times during the term of the Local Lease Documents.

(n) Except as set forth in **Exhibit C**, there has been no litigation served upon the Local Government, nor, to the best of the Local Government's knowledge, are there against the Local Government, any pending or threatened actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature, (i) affecting the creation, organization or existence of the Local Government or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Authorization or the Local Lease Documents, (iii) in any way contesting or affecting the validity or enforceability of the Local Authorization, the Local Lease Documents or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Leased Property, the Related Financed Property, the Local Government or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization or the Local Lease Documents or (v) affecting the Project.

(o) The financial statements, applications and other information that the Local Government furnished to VRA in connection with this Agreement fairly and accurately portray the Local Government's financial condition, as of their dates, and there has been no material adverse change in the financial condition of the Local Government since the date of the financial statements provided to VRA in connection with this Agreement.

(p) Nothing that would constitute an Event of Default hereunder has occurred and is continuing, and no event or condition exists that with the passage of time or the giving of notice, or both, would constitute an Event of Default hereunder.

Section 2.3 **Representations Remade as of the Sale Date**. (a) It shall be a condition precedent of VRA's obligation to sell the Related 2026C VRA Bonds that the Local Government's representations and warranties set forth in Section 2.2 be true and accurate in all respects on and as of the Sale Date. For the avoidance of doubt, all references to the Effective Date in Section 2.2 shall be deemed to refer to the Sale Date for purposes of this Section 2.3(a).

(b) If prior to the Sale Date, any representation or warranty set forth in Section 2.2 becomes untrue or inaccurate, then the Local Government shall notify VRA within one Business Day of becoming aware of such facts, and VRA, in its sole and absolute discretion, shall determine whether to sell VRA Bonds on behalf of the Local Government, which series of VRA Bonds (if any) to sell on behalf of the Local Government and any additional conditions precedent to the sale of such VRA Bonds or the delivery by VRA of this Agreement.

ARTICLE III
ACQUISITION AND LEASE OF FINANCED PROPERTY

Section 3.1 **Amendment and Restatement of 2018C Financing Lease; Acquisition of this Agreement**. (a) The 2018C Financing Lease is hereby amended and restated by this Agreement. The Local Government acknowledges receipt of the proceeds of the Related 2018C VRA Bonds in connection with the 2018C Financing Lease, which proceeds have been applied by the Local Government to pay the Project Costs associated with the 2018C Project, in accordance with the 2018C Financing Lease. Any amounts remaining in the 2018C Local Account will be applied as provided in Section 4.3 for the Local Account. [The Local

Government represents that such amounts remaining in the 2018C Local Account are expected to be drawn and expended to pay Project Costs associated with the 2018C Project on or before ____________.]

(b) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth or incorporated herein, including satisfaction of the conditions precedent set forth in Section 3.4, VRA shall deposit, solely from the proceeds of the Related 2026C VRA Bonds, the Lease Proceeds Amount into the Local Account for the use of the Local Government pursuant to this Agreement and in return the Local Government shall become obligated to make Rental Payments and abide by the covenants as provided in this Agreement. The Local Government acknowledges that the Lease Proceeds Amount (i) is determined by VRA, (ii) is subject to VRA's Pricing Objective and market conditions as described below, (iii) is expected to be substantially equal to the Proceeds Requested and (iv) is subject to the Financing Parameters.

(c) The Local Government acknowledges that VRA has advised the Local Government that its objective is to pay the Local Government a Lease Proceeds Amount for this Agreement that in VRA's judgment reflects the market value of this Agreement ("Pricing Objective"), taking into consideration the Financing Parameters, the purchase price received by VRA for the Related 2026C VRA Bonds, the underwriters' discount and other issuance costs of the Related 2026C VRA Bonds and other market conditions relating to the sale of the Related 2026C VRA Bonds. The Local Government further acknowledges that VRA has advised it that such factors may result in the principal components of the Rental Payments to be made under this Agreement having a value other than par and that in order to receive the Lease Proceeds Amount in an amount that is substantially equal to the Proceeds Requested, the Local Government may need to deliver this Agreement with an aggregate of principal components that is greater or less than the Proceeds Requested. This Agreement shall not become effective if any of the terms hereof would violate any Financing Parameter. Subject to the preceding sentence, the Local Government agrees to lease the Leased Property for an aggregate amount of the principal component of Rental Payments that provides to the fullest extent practicable, given VRA's Pricing Objective, a Lease Proceeds Amount at least equal to the Proceeds Requested, all in accordance with the Local Authorization. The Local Government acknowledges that the Lease Proceeds Amount will be less than the Proceeds Requested if any Financing Parameter prevents VRA from generating a Lease Proceeds Amount substantially equal to the Proceeds Requested, based upon VRA's Pricing Objective.

Section 3.2 **Issuance Expenses**. VRA shall pay, or cause to be paid, from the proceeds of the 2026C VRA Bonds all expenses incident to the performance of VRA's obligations under and the fulfillment of the conditions imposed by this Agreement in connection with the issuance, sale and delivery of the 2026C VRA Bonds and the entry into this Agreement on the Closing Date, including, but not limited to: (i) the cost, if any, of preparing and delivering the 2026C VRA Bonds; (ii) the cost of preparing, printing and delivering the Preliminary Official Statement and the Official Statement for the 2026C VRA Bonds and any amendment or supplement thereto; (iii) the fees and expenses of the financial advisor(s) and bond counsel to VRA and (iv) all other costs and expenses incurred by VRA. The Local Government shall pay all expenses of the Local Government incident to the preparation and delivery of this Agreement, including, but not limited to, the fees and disbursements of the financial advisor, counsel and bond counsel to the Local Government, from the Lease Proceeds Amount or other legally available funds of the Local Government.

Section 3.3 **<u>Schedule 1.1</u>**. On or after the Sale Date, VRA shall complete **<u>Schedule 1.1</u>**, which shall set forth, among other things, the Rental Payments and the Lease Proceeds Amount with respect to this Agreement and the principal amount of the 2026C VRA Bonds. VRA shall deliver the completed **<u>Schedule 1.1</u>** to the Local Government and shall attach **<u>Schedule 1.1</u>** to this Agreement. Upon delivery to the Local Government, the completed **<u>Schedule 1.1</u>** shall become a part of this Agreement the same as if it were a part hereof on the Effective Date.

Section 3.4 **<u>Conditions Precedent</u>**. VRA shall not be required to cause the Trustee to deposit the Lease Proceeds Amount into the Local Account pursuant to Section 4.1 unless:

(a) VRA has received the following, all in form and substance satisfactory to VRA:

(1) Certified copies of the Local Authorization and all other ordinances and resolutions of the Local Government relating to the Local Lease Documents, if any.

(2) A certificate of the appropriate officials of the Local Government dated the Closing Date as to the matters set forth in Sections 2.2 and 2.3, including appropriate certifications regarding the Local Lease Documents, and such other matters as VRA may reasonably require.

(3) Evidence that the Local Government has performed and satisfied all of the terms and conditions contained in this Agreement to be performed and satisfied by it as of such date.

(4) An opinion of counsel to the Local Government in substantially the form attached as **<u>Exhibit F</u>**.

(5) An opinion of bond counsel to the Local Government in form and substance satisfactory to VRA.

(6) Evidence that the Local Government is in compliance with the insurance provisions set forth in Section 8.1 and Section 8.2.

(7) Original executed counterparts of the Prime Lease and the Local Tax Document.

(8) A certificate or certificates of the Local Representative and/or Consulting Engineer giving the estimate of the construction portion of the total Project Costs of the 2026C Project to be financed in whole or in part with the Lease Proceeds Amount, which estimate must be in an amount and otherwise compatible with the financing plan described in the Project Budget.

(9) A certificate or certificates of the Local Representative and/or Consulting Engineer (i) to the effect that the Lease Proceeds Amount and funds available from the other sources specified in the Project Budget will be sufficient to pay all of the estimated Project Costs of the 2026C Project and (ii) specifying the date the Local Government is expected to complete the 2026C Project.

(10) A certificate or certificates of the Local Representative and/or Consulting Engineer to the effect that (i) all governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the 2026C Project required to have been obtained as of the Closing Date have been obtained and (ii) the Local Representative and /or Consulting Engineer knows or know of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the 2026C Project cannot be obtained as required in the future.

(11) Evidence that the Local Government is in compliance with the construction contract provisions set forth in Section 4.5 with respect to any existing contracts as of the Closing Date.

(12) A certificate completed and executed by the Clerk or Secretary or other comparable officer of the Local Government, substantially in the form attached hereto as **Exhibit I**, completed to the satisfaction of VRA.

(13) Such other documentation, certificates and opinions as VRA may reasonably require as set forth in **Schedule 1.1**.

(b) The initial purchasers of the 2026C VRA Bonds have paid in full and VRA has accepted the purchase price for the 2026C VRA Bonds on the Closing Date. It is acknowledged that the sole source of funds to generate the Lease Proceeds Amount is the proceeds of the 2026C VRA Bonds.

Section 3.5 Lease to Local Government and Title to Real Estate. (a) In order to effectuate the purposes of this Agreement, the Local Government shall make, execute, acknowledge and deliver, or cause to be made, executed, acknowledged and delivered, all contracts, deeds and other agreements in the name of the Local Government and, in general, to do or cause to be done all such other things as may be requisite or proper for the undertaking and completion of the 2026C Project, the lease of the Leased Property to VRA pursuant to the Prime Lease and the fulfillment of the obligations of the Local Government under this Agreement.

(b) As of and on the Closing Date, VRA shall lease to the Local Government and the Local Government shall rent from VRA, the Leased Property for the Lease Term and the Local Government agrees to pay the Rental Payments set forth in Section 5.1, all on the terms and conditions set forth in this Agreement. Throughout the Lease Term, the Local Government shall be entitled to possession of the Leased Property, and the Local Government shall retain possession of the Leased Property as long as there shall not have occurred an Event of Default or an Event of Non-Appropriation.

(c) During the Lease Term, title to the Leased Property shall be deemed to be in the Local Government, subject to the rights of VRA under this Agreement upon the occurrence of an Event of Default or an Event of Non-Appropriation. To secure all obligations of the Local Government hereunder, the Local Government hereby grants to VRA a security interest in and to and, as applicable, assigns to VRA all of the Local Government's right, title and interest in and to the Personalty and all the proceeds from any sales thereof (cash and otherwise), including the proceeds of insurance. The Local Government agrees that with respect to such property VRA shall have all the rights and remedies of a secured party under the Virginia Uniform Commercial Code.

(d) This Agreement is intended as security for VRA and the Trustee. For purposes of laws governing taxation, title to the Leased Property will be deemed to be in the Local Government at all times, subject to VRA's right to possession upon the occurrence of an Event of Default or an Event of Non-Appropriation. The Local Government acknowledges that on the Closing Date VRA will execute and deliver to the Trustee the Deed of Trust, pursuant to which VRA will (i) convey to the Trustee, in trust to secure VRA's obligations under the Obligations (as defined in the Deed of Trust), VRA's leasehold interest in the Leased Property pursuant to the Deed of Trust under the Prime Lease, and (ii) collaterally assign to the Trustee VRA's interest as lessor hereunder.

Section 3.6 **Lease Term**. The term of this Lease (the "Lease Term") shall commence on the Closing Date and, unless terminated under the provisions of Article VI and Article X, shall continue until the earlier of (i) October 1, 20__ (provided that all of the Rental Payments specified in **Schedule 1.1** and all other amounts payable hereunder have been paid in full) or (ii) the date on which defeasance, redemption, prepayment or refunding of the Local Government's obligations hereunder is effected pursuant to Section 5.2.

Section 3.7 **Disclaimer of Warranty**. The 2018C Project was and the 2026C Project is being undertaken by the Local Government upon its own initiative. VRA MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR FITNESS OF THE PROJECT OR OF THE RELATED FINANCED PROPERTY FOR THE LOCAL GOVERNMENT'S PURPOSES.

Section 3.8 **Net Lease**. This Agreement is intended to be a net lease to VRA. The Local Government shall comply with and pay or cause to be paid the cost of all repairs, replacements and renewals, the cost of insurance, all utility and other charges and all taxes (local, state and federal) which may now or hereafter be imposed upon the ownership, leasing, rental, sale, purchase, possession or use of the Leased Property. If the Local Government fails to pay or cause to be paid such costs, charges or taxes when due, VRA, after giving the Local Government notice and a reasonable opportunity to cure, shall have the right, but shall not be obligated, to pay the same. If VRA pays any such costs, charges or taxes for which the Local Government is responsible or liable under this Agreement, VRA shall be entitled to be reimbursed promptly therefor by the Local Government in accordance with the provisions of Section 11.8 hereof.

Section 3.9 **Transfer Upon Termination**. After all payments have been made pursuant to Section 5.1 or prepayment has been made pursuant to Section 5.2, the Local Government shall be deemed to have acquired all of VRA's right, title and interest in the Leased

Property and the Prime Lease. In such event, and upon request, VRA will execute and deliver to the Local Government an appropriate instrument assigning, transferring and conveying to the Local Government all of VRA's right, title and interest in the Prime Lease and the Leased Property free from any lien, encumbrance or security interest except such as may be created or permitted by the Local Government, but without other warranties, and shall enter into an appropriate instrument terminating this Agreement and releasing VRA's lien on the Personalty.

Section 3.10 **Quiet Enjoyment**. So long as no Event of Non-Appropriation or Event of Default exists hereunder, neither VRA nor any entity claiming by, through or under VRA, shall interfere with the Local Government's quiet use and enjoyment of the Leased Property during the Lease.

ARTICLE IV
USE OF LEASE PROCEEDS AMOUNT

Section 4.1 **Deposit of Lease Proceeds Amount; Investment of Amounts in Local Account**. (a) On the Closing Date, VRA shall cause the Trustee to deposit the Lease Proceeds Amount into the Local Account and to apply the Lease Proceeds Amount and the earnings thereon as set forth in the Sixty-Fifth Supplemental Series Indenture, this Agreement and the Local Tax Document related to the 2026C Tax-Exempt Project.

(b) The Local Government acknowledges and consents to the investment of the Lease Proceeds Amount and the earnings thereon in Virginia SNAP.

Section 4.2 **Agreement to Accomplish 2026C Project**. (a) The Local Government shall cause the 2026C Project to be acquired, constructed, expanded, renovated, equipped or financed as described in **Exhibit B** and in accordance with the applicable Project Budget, this Agreement, the Local Tax Document related to the 2026C Tax-Exempt Project and the plans, specifications and designs approved by the Local Government. The Local Government shall use its best efforts to complete, or cause to be completed, the 2026C Project by the date set forth in the certificate delivered under Section 3.4(a)(9). The Local Government shall obtain the approval of all applicable regulatory agencies to all plans, specifications and designs for the 2026C Project. The Local Government shall maintain complete and accurate books and records of the Project Costs and permit VRA or the Trustee through their representatives to inspect such books and records at any reasonable time.

(b) At VRA's request, upon completion of the 2026C Project, the Local Government shall promptly deliver to VRA and the Trustee a certificate signed by a Local Representative stating (i) that the 2026C Project has been completed substantially in accordance with this Article and in substantial compliance with all material applicable laws, ordinances, rules and regulations, (ii) the date of such completion and (iii) that all certificates of occupancy or other material permits then necessary for the use, occupancy and operation of the Related Financed Property have been issued or obtained. Such certificate shall be accompanied by a copy of the final requisition submitted to the Trustee pursuant to Section 4.3, including Schedule 1 thereto.

(c) If upon completion of the 2026C Project and payment of all related costs of issuance, there is a balance remaining in the Local Account, the Trustee shall apply any remaining balance at the direction of the Local Government (i) to pay the interest component of the Rental Payments related to the 2026C VRA Bonds or (ii) in such other manner that is permitted under the Act; provided that VRA shall be reasonably assured that such application will have no adverse effect on the tax status of the 2018C VRA Bonds or the 2026C Tax-Exempt VRA Bonds.

(d) If the Local Government does not complete the 2026C Project in accordance with the Local Lease Documents and there is a balance remaining in the Local Account, VRA may direct the Trustee, and if so directed the Trustee shall, apply such balance to refund, defease or redeem its Related 2026C VRA Bonds, which may prevent the Local Government from refunding the related Rental Payments on a tax-exempt basis in the future.

Section 4.3 **Disbursement of Lease Proceeds and Earnings**. Except as provided in Section 4.2(c), the Local Government shall apply the amounts in the Local Account solely and exclusively to the payment or reimbursement of the Local Government for the Project Costs related to the 2026C Project. Not more frequently than once per calendar month, the Trustee shall disburse amounts from the Local Account to the Local Government or as directed by the Local Government upon the Trustee's receipt of the following:

(a) A requisition (upon which the Trustee and VRA shall be entitled to rely) signed by a Local Representative and containing all information called for by, and otherwise being in the form of, **Exhibit D** (including the Schedules thereto).

(b) Receipts, vouchers, statements, bills of sale or other evidence of payment of the related Project Costs.

(c) If any requisition includes an item for payment for labor or to contractors, builders or materialmen:

> (1) a certificate, signed by a Local Representative and/or Consulting Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the 2026C Project; and
>
> (2) a certificate, signed by a Local Representative (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the requisition.

(d) If any requisition includes an item for payment of the cost of acquisition of any lands or easements, or any rights or interests in or relating to lands, there shall also be attached to such requisition:

(1) a certificate, signed by a Local Representative, stating that such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the 2026C Project; and

(2) a certificate, signed by a Local Representative (that may rely on representations of counsel or a title insurance agency reasonably acceptable to VRA), stating that upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of, the 2026C Project over and through the subject lands.

Following VRA's approval of each such requisition and accompanying invoice(s) and certificate(s), which approval will not unreasonably be withheld, the Trustee shall pay the requisition from the Local Account in accordance with the instructions in such requisition.

The Local Government agrees that any amounts disbursed to it or for its account from the Local Account will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.

Notwithstanding anything in this Agreement to the contrary, VRA may direct the Trustee to pay from the Local Account any reasonably calculated rebate amount and/or yield reduction liability to be paid for the Related 2026C VRA Bonds, as calculated by a rebate calculation service selected by VRA.

Section 4.4 **<u>No Sufficiency Warranty by VRA; Local Government Required to Complete 2026C Project</u>**. VRA makes no warranty, either express or implied, that the Lease Proceeds Amount will be sufficient to pay all or any particular portion of the Project Costs. If the Lease Proceeds Amount is not sufficient to pay in full the cost of the 2026C Project, the Local Government shall complete the 2026C Project at its own expense, subject to appropriation, and shall not be entitled to any reimbursement therefor from VRA or any abatement, diminution or postponement of its payments under this Agreement.

Section 4.5 **<u>Construction Contractors</u>**. The Local Government shall cause each contractor to maintain during the construction period covered by the particular construction contract builder's risk insurance, workmen's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Local Government.

ARTICLE V
PAYMENT AND REDEMPTION

Section 5.1 **<u>Payment of Rental Payments and Related Amounts</u>**. (a) Until all amounts payable under this Agreement have been paid in full, the Local Government shall pay, subject to Section 6.1, to the Trustee or VRA, as applicable, the following amounts:

(1) to the Trustee, Rental Payments (including the principal and interest components thereof) specified in **<u>Schedule 1.1</u>** on such dates as provided in

Schedule 1.1; provided that the interest components shall be increased to include Supplemental Interest, when and if payable;

(2) to VRA, on VRA's demand, any amounts payable under the Local Tax Document, including without limitation the costs of any rebate calculation agent;

(3) to VRA, on its demand, a late payment penalty in an amount equal to 5.0% of any Rental Payment, or portion thereof, not paid within 5 days after its due date;

(4) to the Trustee, the Local Government's share (as reasonably determined by VRA) of the annual fees and expenses of the Trustee, less the Local Government's share of the net earnings on the Revenue Fund, Infrastructure Revenue Debt Service Fund and Moral Obligation Debt Service Fund established under the Master Indenture (as reasonably determined by VRA), and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them; and

(5) to VRA, the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VRA in connection with (i) an Event of Default, Event of Non-Appropriation or default by the Local Government under this Agreement, (ii) any amendment to or discretionary action that VRA undertakes at the request of the Local Government under this Agreement or any other document related to the 2018C VRA Bonds or the 2026C VRA Bonds or this Agreement or (iii) any claim, lawsuit or other challenge to the Local Lease Documents or the VRA Bonds that arises, at least in part, out of the Local Government's authorization of the transaction contemplated by this Agreement, and the Local Government shall pay such amounts no later than 15 days after VRA or the Trustee sends to the Local Government a written bill for them.

(b) If any failure of the Local Government to pay all or any portion of any Rental Payment results in a withdrawal from or a drawing on any VRA Reserve, the interest rates applicable to the Rental Payments shall be increased to interest rates sufficient to reimburse the VRA Reserve for any foregone investment earnings on the funds withdrawn therefrom and pay any interest, fees or penalties assessed as a result of the withdrawal from or drawing on the VRA Reserve. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The Local Government's obligation to pay Supplemental Interest shall commence on the date of the withdrawal or drawing of funds from the VRA Reserve occasioned by the Local Government's failure to pay a required payment or portion thereof as described above (the "Supplemental Interest Commencement Date"). The Local Government's obligation to pay Supplemental Interest shall terminate on the date on which the Local Government makes all payments required but outstanding since the date of the initial failure to pay (the "Supplemental Interest Termination Date"). From the Supplemental Interest Commencement Date to the Supplemental Interest Termination Date, Supplemental Interest shall be due and payable on the regularly scheduled Rental Payment due dates provided for in **Schedule 1.1**. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled Rental Payment due date provided for in **Schedule 1.1**, VRA shall deliver to the Local Government a certificate as to the increase in interest rates and the amount of Supplemental Interest. The certificate shall set forth in reasonable detail the basis for the increase in interest rates and the manner of calculation of the increase and the amount of Supplemental Interest. Such certificate shall be conclusive (absent manifest error) as to the interest rate increase and amount of Supplemental Interest set forth therein. In determining the interest rate increase and the amount of Supplemental Interest, VRA may use any reasonable averaging and attribution methods.

(c) The Local Government's obligations to pay the amounts described above and to make payments as scheduled under this Agreement, subject to Section 6.1, shall not be discharged in whole or in part by any amount withdrawn from or drawn on a VRA Reserve pursuant to the Master Indenture. The Local Government will remain obligated, subject to Section 6.1, to make its Rental Payments.

Section 5.2 <u>Defeasance and Redemption</u>. (a) The Local Government shall not defease or redeem its obligations under this Agreement, except as provided in this Section 5.2.

(a) The Local Government shall satisfy the following conditions prior to the defeasance and redemption of any or all of its obligations under this Agreement:

(1) The Local Government shall provide to VRA not less than 60 days' prior written notice of the deposit of the funds described in (2), (3) and (4) below.

(2) The Local Government shall deposit with the Trustee an amount sufficient for VRA to establish an escrow of cash and non-callable, non-prepayable Government Obligations the principal of and interest on which will be sufficient (without reinvestment) to cause the defeasance under Article XII of the Master Indenture of the portion of the Related 2018C VRA Bonds or the Related 2026C VRA Bonds, as applicable, corresponding to the portion of Rental Payments to be defeased or prepaid (the "Allocated Portion"). The defeasance of the Allocated Portion may be either to maturity or an earlier redemption date as determined by the Local Government. The arbitrage yield restrictions, if any, applicable to the proceeds of the 2018C VRA Bonds and the 2026C VRA Bonds shall also apply to any Government Obligations purchased in connection with a defeasance under this subsection.

(3) The Local Government shall deposit with VRA cash in an amount sufficient, as determined by VRA, to pay for a verification report required for the defeasance of the Allocated Portion under Article XII of the Master Indenture, any costs incurred by VRA in connection with the redemption, refunding and defeasance of the Allocated Portion, all amounts overdue or then due on this Agreement (including, without limitation, any Supplemental Interest) and all amounts overdue, due or to become due under Section 5.1(a) of this Agreement.

(4) The Local Government shall deposit with VRA cash in an amount equal to the present value of interest that would be paid on the principal of the Allocated Portion at a rate equal to 0.125%, payable semiannually, to the maturity dates of the Allocated Portion or, if earlier, the redemption date or dates of the Allocated Portion.

Present value shall be determined by using a discount rate equal to the true interest cost of the Related 2018C VRA Bonds or the Related 2026C VRA Bonds, as applicable.

(b) VRA will determine which of the Related 2018C VRA Bonds or the Related 2026C VRA Bonds will be designated as the Allocated Portion and the amounts to be deposited under subsection (a)(2), (3) and (4) above using such reasonable allocation and estimation methods as may be selected by VRA, and VRA's determinations shall be conclusive (absent manifest error).

(c) The Local Government acknowledges that no amounts in any VRA Reserve will be available for the defeasance or redemption of the Local Government's obligations hereunder.

Section 5.3 **Payments and Rights Assigned**. The Local Government hereby consents to VRA's assignment to the Trustee of VRA's rights under this Agreement. The Local Government also hereby acknowledges and consents to the reservation by VRA of the right and license to enjoy and enforce VRA's rights under this Agreement so long as no Event of Default (as defined in the Master Indenture) with respect to the 2018C VRA Bonds or the 2026C VRA Bonds has occurred and is continuing. Even though VRA will be the lessor under this Agreement, the Local Government shall pay directly to the Trustee all amounts payable by the Local Government under this Agreement (except for those amounts specifically indicated as payable to VRA under Section 6.1 or Section 11.8, which the Local Government shall pay directly to VRA).

Section 5.4 **Obligations Absolute and Unconditional**. Subject to Section 6.1, the obligation of the Local Government to make the payments required by this Agreement shall be absolute and unconditional. The Local Government shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Local Government may have or assert against VRA, the Trustee or any other person.

ARTICLE VI
APPROPRIATION AND NON-APPROPRIATION

Section 6.1 Appropriation of Rental Payments by Local Government. The Local Government reasonably believes that sufficient funds can be obtained to make all payments required under the Lease Term. While recognizing that it is not empowered to make any binding commitment beyond the current Fiscal Year, the Local Government hereby states that it is its current intention to make sufficient annual appropriations during the Lease Term to make such payments. Notwithstanding anything in this Agreement to the contrary, the Local Government's obligations to pay the cost of performing its obligations under this Agreement, including, without limitation, its obligations to make Rental Payments and all other payments required under this Agreement, shall be subject to and dependent upon annual appropriations being made from time to time by the governing body of the Local Government for such purpose. The Local Government hereby directs the Local Representative and the officer charged with the responsibility for preparing the Local Government's budget to include in the budget for each Fiscal Year during which this Agreement is in effect a request that the Local Government appropriate in the Fiscal Year the amount of the Rental Payments and all amounts required to be paid under this Agreement during such Fiscal Year.

Section 6.2 Non-Appropriation; Termination of Financing Lease. If, as a result of the failure of the Local Government to appropriate moneys for such purposes (an "Event of Non-Appropriation"), the Local Government is unable to pay when due the Rental Payments and other payments to be paid under this Agreement, VRA shall have the right to terminate this Agreement upon 30 days' written notice of the exercise of its rights pursuant to this Section, which notice shall specify the effective date for such termination; provided that such termination shall be effective not later than the date through which rent has been paid in accordance with the terms hereof. Notwithstanding the foregoing an Event of Non-Appropriation is not an Event of Default for purposes of Article X.

Section 6.3 Remedies of VRA. If, as a result of an Event of Non-Appropriation, the Local Government is unable to pay when due the Rental Payments and other payments to be paid under this Agreement, VRA, with or without terminating this Agreement, may exclude the Local Government from possession of any of the Leased Property and may sell its interest in, or lease or sublease any of the Leased Property in the manner provided for by Section 10.2(b) hereof or take any and all actions available to it under Section 62.1-216.1 of the Act; provided, however, that in connection with any such sale of its interest in any of the Leased Property, or lease or sublease of any of the Leased Property, VRA shall require that such sale agreement, lease or sublease contain a provision providing that such purchaser, lessee or sublessee shall indemnify VRA and the Local Government for any liabilities arising during such party's use of such portion of the Leased Property. The Local Government agrees to assist VRA in every reasonable way in reletting or selling VRA's leasehold interest in the Leased Property pursuant to this Article VI.

Section 6.4 Reinstatement. Notwithstanding any termination of this Agreement in accordance with the provisions of this Article VI, unless (i) VRA shall have sold its interest in all or a portion of the Leased Property, or (ii) VRA shall have entered into a firm bilateral agreement providing for the reletting of the Leased Property for a period of at least one year, if all overdue Rental Payments and all other sums payable under this Agreement and the Prime

Lease shall have been paid, this Agreement shall be fully reinstated, and the Local Government shall be restored to the use, occupancy and possession of the Leased Property.

ARTICLE VII
OPERATION AND USE OF THE LEASED PROPERTY AND THE RELATED FINANCED PROPERTY

Section 7.1 **Maintenance**. At its own cost and expense the Local Government shall operate the Leased Property and the Related Financed Property in a proper, sound and economical manner in material compliance with all legal requirements and shall maintain the Leased Property and the Related Financed Property in good repair and operating condition and from time to time shall make all necessary repairs, renewals and replacements.

Section 7.2 **Additions and Modifications**. At its own expense the Local Government from time to time may make any renewals, replacements, additions, modifications or improvements to the Leased Property or the Related Financed Property, or both that the Local Government deems desirable, provided that any such renewal, replacement, addition, modification or improvement does not (i) materially reduce the value of the Leased Property or the Related Financed Property, or both or (ii) negatively affect the structural or operational integrity of any part of the Leased Property or the Related Financed Property, or both. The Local Government shall ensure that all such renewals, replacements, additions, modifications or improvements comply with all applicable federal, state and local laws, rules, regulations, orders, permits, authorizations and requirements. All such renewals, replacements, additions, modifications or improvements shall become part of the Leased Property or the Related Financed Property, as applicable.

Section 7.3 **Permits**. The Local Government shall, at its sole cost and expense, obtain all permits, consents and approvals required by local, state or federal laws, ordinances, rules, regulations or requirements in connection with the acquisition, construction, equipping, occupation, operation or use of the Leased Property and the Related Financed Property. The Local Government shall, upon request, promptly furnish to VRA and the Trustee copies of all such permits, consents and approvals.

Section 7.4 **Use**. The Local Government shall comply with all lawful requirements of any applicable governmental authority regarding the Leased Property and the Related Financed Property, whether now existing or subsequently enacted, whether foreseen or unforeseen or whether involving any change in governmental policy or requiring structural, operational or other changes to the Leased Property or the Related Financed Property, or both, irrespective of the cost of making the same.

Section 7.5 **Inspection and Local Government's Books and Records**. The Local Government shall permit VRA, the Trustee and their duly authorized representatives and agents such reasonable rights of access to the Leased Property and the Related Financed Property as may be necessary to determine whether the Local Government is in compliance with the requirements of this Agreement, and the Local Government shall permit such parties, at all reasonable times and upon reasonable prior notice to the Local Government, to examine and copy the Local Government's books and records that relate to the Leased Property and the Related Financed Property.

Section 7.6 **<u>Ownership</u>**. The Local Government shall not construct, reconstruct or install any part of the Related Financed Property on (i) lands other than those which the Local Government owns or can acquire title to or a perpetual easement over, in either case sufficient for the Local Government's purposes or (ii) lands in which the Local Government has acquired a right or interest less than a fee simple or perpetual easement, unless (1) such part of the Related Financed Property is lawfully located in a public street or highway or (2) the Local Government provides a written report of a Consulting Engineer or Local Representative, in a form reasonably acceptable to VRA, that indicates that the lands and the Local Government's right or interest therein is sufficient for the Local Government's purposes.

Section 7.7 **<u>Sale or Encumbrance</u>**. No part of the Leased Property and no part of Related Financed Property shall be sold, exchanged, leased, mortgaged, encumbered or otherwise disposed of except (i) with the written consent of VRA or (ii) as provided in any one of the following subsections:

(a) The Local Government may grant easements, licenses or permits across, over or under parts of the Leased Property or the Related Financed Property, or both, for streets, roads and utilities as will not adversely affect the use of the Leased Property or the Related Financed Property, or both.

(b) The Local Government may sell or otherwise dispose of property constituting part of the Leased Property or the Related Financed Property, or both, with a "book value" (as determined in accordance with generally accepted accounting principles) that, when combined with the aggregate "book value" of all of the other such property sold or otherwise disposed of under this subsection during the Fiscal Year in question, will not cause the aggregate "book value" of all of such property sold or otherwise disposed of under this subsection in such Fiscal Year to exceed $125,000. The proceeds to be received from any such sale or disposition shall, subject to appropriation, be applied first to cure any nonpayment that may exist under Article V of this Agreement before they are applied for any other lawful purpose.

[Reserved for any further provision related to consent conditions]

Section 7.8 **<u>Lawful Charges</u>**. The Local Government shall pay when due all applicable taxes, fees, assessments, levies and other governmental charges of any kind whatsoever (collectively, the "Governmental Charges") which are (i) assessed, levied or imposed against the Leased Property or the Related Financed Property, or both, or the Local Government's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the Leased Property or the Related Financed Property, or both. The Local Government shall pay or cause to be discharged, or shall make adequate provision to pay or discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon all or any part of the Leased Property or the Related Financed Property, or both (collectively, the "Mechanics' Charges"). The Local Government, however, after giving VRA 10 days' notice of its intention to do so, at its own expense and in its own name, may contest in good faith any Governmental Charges or Mechanics' Charges. If such a contest occurs, the Local Government may permit the same to remain unpaid during the period of the contest and any subsequent appeal unless, in VRA's reasonable opinion, such action may impair the lien on the Leased Property or the Related Financed Property, or both, granted by this Agreement, in which event, such Governmental Charges or Mechanics' Charges promptly shall be satisfied or secured by posting with the Trustee or an appropriate court a bond in form and amount satisfactory to VRA. Upon request, the Local Government shall furnish to VRA proof of payment of all Governmental Charges and Mechanics' Charges the Local Government is required to pay under this Agreement.

Section 7.9 **<u>Environmental Responsibilities</u>**. (a) As used in this Agreement, "Environmental Condition" means any materially adverse condition relating to surface water, ground water, drinking water supply, land, surface and subsurface strata or the ambient air, and includes, without limitation, air, land and water pollutants, noise, vibration, light, and odors, which would be likely to result in a successful claim of liability under the Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), or the Resource Conservation and Recovery Act ("RCRA"), or any claim of violation of the Clean Air Act, the Clean Water Act, the Toxic Substance Control Act ("TSCA"), or any claim of liability or of violation under any federal statute hereafter enacted dealing with the protection of the environment or with the health and safety of employees or members of the general public, or under any rule, regulation, permit or plan under any of the foregoing, or under any law, rule or regulation now or hereafter promulgated by the Commonwealth, or any political subdivision thereof, relating to such matters (collectively, "Environmental Laws").

(b) The Local Government shall, at all times during the term of this Agreement, comply with all Environmental Laws applicable to the Leased Property and shall not, in the use and occupancy of the Improvements, cause any Environmental Condition to exist on or about the Leased Property.

ARTICLE VIII
INSURANCE, DAMAGE AND DESTRUCTION

Section 8.1 **<u>Insurance</u>**. The Local Government shall maintain or cause to be maintained insurance against the insurable portions of the Leased Property of the type customarily insured against by public bodies operating municipal facilities, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the municipal facilities' insurable portions against loss or damage by fire and lightning, with broad form extended coverage endorsements covering damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally covered by such endorsements (limited only as may be provided in the standard form of such endorsements at the time in use in Virginia). The determination of replacement cost shall be made, in conjunction with representatives of the Local Government, by a recognized appraiser or insurer selected by the Local Government and reasonably acceptable to VRA.

(b) Comprehensive general liability insurance with a combined single limit of $1,000,000 per year against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of its use, arising out of the ownership, maintenance, operation or use of municipal facilities.

(c) Unless the Local Government qualifies as a self-insurer under Virginia law, worker's compensation insurance.

Neither VRA nor the Trustee shall have any responsibility or obligation with respect to (i) the procurement or maintenance of insurance or the amounts or the provisions with respect to policies of insurance or (ii) the application of the proceeds of insurance.

The Local Government shall provide annually to VRA a certificate or certificates of the respective insurers evidencing the fact that the insurance required by this Section is in force and effect.

Section 8.2 **Requirements of Policies**. (a) The Local Government shall maintain all insurance required by Section 8.1 with generally recognized responsible insurance companies selected by the Local Government and reasonably acceptable to VRA. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other localities of like size and character to the Local Government. If the Local Government does not maintain such insurance with an insurer licensed to do business in Virginia or placed under the requirements of the Virginia Surplus Lines Insurance Law, Chapter 48, Title 38.2, Code of Virginia of 1950, as amended, or any successor statute, the Local Government shall provide evidence reasonably satisfactory to VRA that such insurance is enforceable under Virginia law.

(b) In lieu of obtaining any of the policies of insurance required by Section 8.1, the Local Government may adopt alternative risk management programs which it determines to be reasonable, including, without limitation, to self-insure in whole or in part, individually or in connection with other units of local government or other institutions, to participate in programs of captive insurance companies, to participate with other units of local government or other institutions in mutual or other cooperative insurance or other risk management programs, to participate in state or federal insurance programs, to take advantage of state or federal laws now or hereafter in existence limiting liability, or to establish or participate in other alternative risk management programs, all as may be reasonable and appropriate risk management by the Local Government and that provide comparable coverages required by such sections. In addition, any insurance coverage pursuant to this Article may be pursuant to a program whereby the Local Government self-insures against certain losses up to a stated loss amount, and retains excess coverage from an insurer meeting the requirements of this Article.

(c) The Local Government shall not participate in any self-insurance plan or alternative risk management program with respect to the Improvements unless such self-insurance plan or alternative risk management program is a Qualified Self-Insurance Plan.

(d) In the event the Local Government is insured through a self-insurance program other than a pool, the Local Government agrees to (i) comply with such program unless a change therein is recommended by the Insurance Consultant, (ii) cause the Insurance Consultant to review any Qualified Self-Insurance Plan at least annually and to make written recommendations as to what funding levels are adequate to protect against the risks covered by the plan and (iii) follow the recommendations of such Insurance Consultant.

Section 8.3 **Notice of Damage, Destruction or Condemnation**. In case of (i) any damage to or destruction of any material part of the Leased Property, (ii) a taking of all or any part of the Leased Property or any right in it under the exercise of the power of eminent domain, (iii) any loss of the Leased Property because of failure of title or (iv) the commencement of any proceedings or negotiations which might result in such a taking or loss, the Local Government shall notify VRA in writing within ten Business Days of the occurrence describing generally the nature and extent of such damage, destruction, taking, loss, proceedings or negotiations.

Section 8.4 **Damage and Destruction**. If all or any part of the Leased Property is destroyed or damaged by fire or other casualty, and the Local Government shall not have exercised its option, if such option is available, to defease and/or redeem the outstanding obligations under this Agreement pursuant to Section 5.2, the Local Government shall restore promptly the property damaged or destroyed to substantially the same condition as before such damage or destruction, with such alterations and additions as the Local Government may determine and which will not impair the capacity or character of the Leased Property for the purposes for which it then is being used or is intended to be used. The Local Government may apply so much as may be necessary of the net proceeds of insurance received on account of any such damage or destruction to payment of the cost of such restoration, either on completion or as the work progresses. If such net proceeds are not sufficient to pay in full the cost of such restoration, the Local Government shall pay so much of the cost as may be in excess of such net proceeds.

Section 8.5 **Condemnation and Loss of Title**. If title to or the temporary use of all or any part of the Leased Property shall be taken under the exercise of the power of eminent domain or lost because of failure of title, and the Local Government shall not have exercised its option, if such option is available, to defease and/or redeem its obligations under this Agreement pursuant to Section 5.2, the Local Government shall cause the net proceeds from any such condemnation award or from title insurance to be applied to the restoration of the Leased Property to substantially its condition before the exercise of such power of eminent domain or failure of title. If such net proceeds are not sufficient to pay in full the cost of such restoration, the Local Government shall pay so much of the cost as may be in excess of such net proceeds.

ARTICLE IX
SPECIAL COVENANTS

Section 9.1 **Tax Covenants**. The Local Government shall not directly or indirectly use or permit the use of any of the proceeds of this Agreement or any other of its funds, in such manner as would, or enter into, or allow any other person or entity to enter into, any arrangement, formal or informal, that would, or take or omit to take any other action that would, cause interest on any of the Related 2018C VRA Bonds or the Related 2026C VRA Bonds to be includable in gross income for federal income tax purposes or to become a specific item of tax preference for purposes of the federal alternative minimum tax. Insofar as the Local Tax Document imposes duties and responsibilities on the Local Government, including the payment of any arbitrage rebate in respect of the Related 2018C VRA Bonds or the Related 2026C Tax-

Exempt VRA Bonds, respectively, as of the Closing Date they are specifically incorporated by reference into this Agreement. The Local Government also consents to the calculation of any "rebate amount" to be paid with respect to the Related 2018C VRA Bonds and the Related 2026C Tax-Exempt VRA Bonds by a nationally recognized rebate calculation service selected by VRA.

Section 9.2 Maintenance of Existence. The Local Government shall maintain its existence as a political subdivision of the Commonwealth under Virginia law, and shall not dissolve or otherwise dispose of all or substantially all of its assets or consolidate or merge with or into another entity without VRA's prior written consent, which consent will not be unreasonably withheld.

Section 9.3 Financial Records and Statements. The Local Government shall maintain proper books of record and account in which proper entries shall be made in accordance with generally accepted government accounting standards, consistently applied, of all its business and affairs. The Local Government shall have an annual audit of the financial condition of the Local Government made by an independent certified public accountant, within 180 days after the end of each Fiscal Year. The Local Government shall furnish to VRA, in an electronic format, a copy of such report immediately after it is accepted by the Local Government. Such report shall include statements in reasonable detail, certified by such accountant, reflecting the Local Government's financial position as of the end of such Fiscal Year and the results of the Local Government's operations and changes in the financial position thereof for the Fiscal Year.

Section 9.4 Certification as to No Default and Tax Compliance. The Local Government shall deliver to VRA, within 180 days after the close of each Fiscal Year, a certification in substantially the form attached as **Exhibit G** and signed by a Local Representative.

Section 9.5 Further Assurances. The Local Government shall, to the fullest extent permitted by law, pass, make, do, execute, acknowledge and deliver such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming the rights and collateral, if any, assigned or pledged by this Agreement, or as may be required to carry out the purposes of this Agreement. The Local Government shall at all times, to the fullest extent permitted by law, defend, preserve and protect the pledges made under this Agreement and all rights of VRA under this Agreement against all claims and demands of all persons, including without limitation the payment of certain costs of VRA as described in Section 5.1(a)(5).

Section 9.6 No Assignment by Local Government. The Local Government shall not assign or sublet its rights and obligations under this Agreement, or both, without the prior written consent of VRA.

Section 9.7 Continuing Disclosure. (a) For purposes of this Section 9.7, the following terms and phrases have the following meanings:

"Annual Financial Information" with respect to any Fiscal Year for the Local Government means the following:

(i) the financial statements (consisting of at least a balance sheet and a statement of revenues and expenses) of which financial statements must be (A) prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the Local Government after the date of this Agreement from changing such other principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable law) and (B) audited by an independent certified public accountant or firm of such accountants in accordance with generally accepted auditing standards as in effect from time to time (provided that if audited financial statements are not available for filing when required by this Section or the Rule (as defined herein), unaudited financial statements will be filed and audited financial statements will be filed as soon as possible thereafter); and

(ii) operating data of the type set forth in **Exhibit E**.

"Dissemination Agent" means any person, reasonably acceptable to VRA, whom the Local Government contracts in writing to perform its obligations as provided in subsection (i) of this Section.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of a payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"Make Public" or **"Made Public"** has the meaning set forth in subsection (c) of this Section.

"Material Local Government" means the Local Government if the aggregate outstanding principal amount of this Agreement and any other of the Local Government's financing leases or bonds purchased with proceeds of the VRA Bonds represent 15% or more of the outstanding aggregate principal amount of the local obligations purchased with proceeds of the VRA Bonds.

"Rule" means Rule 15c2-12, as it may be amended from time to time, under the Securities Exchange Act of 1934 and any similar rules of the SEC relating to disclosure requirements in the offering and sale of municipal securities, all as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

(b) The Local Government shall Make Public or cause to be Made Public:

(1) Within seven months after the end of the Local Government's Fiscal Year (commencing with the Fiscal Year in which the Closing Date occurs), Annual Financial Information for such Fiscal Year as of the end of which the Local Government constitutes a Material Local Government. Annual Financial Information may be set forth in the documents Made Public or may be included in a document Made Public by specific

reference to any document available to the public on the internet website of the Municipal Securities Rulemaking Board ("MSRB") or filed with the SEC. If the document referred to is a final official statement, then it must be available from the MSRB.

(2) In a timely manner, notice of any failure by the Local Government to Make Public or cause to be Made Public Annual Financial Information pursuant to the terms of part (1) of this subsection.

(c) For purposes of this Section, information and notices shall be deemed to have been "Made Public" if transmitted to VRA, to the Trustee and to the MSRB in an electronic format as prescribed by the MSRB.

(d) The Local Government shall also notify VRA of the occurrence of any of the following events that may from time to time occur with respect to this Agreement, such notice to be given in a timely manner not in excess of five Business Days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on any credit enhancement maintained with respect to this Agreement reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other notices or determinations with respect to this Agreement that could affect the tax status of the 2018C VRA Bonds or the 2026C VRA Bonds, or other events with respect to this Agreement that could affect the tax status of the 2018C VRA Bonds or the 2026C VRA Bonds;

(7) modifications to rights of holders;

(8) bond calls and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of this Agreement;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Local Government;

(13) the consummation of a merger, consolidation, or acquisition involving the Local Government or the sale of all or substantially all of the assets of the Local Government, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms;

(14) appointment of a successor or additional trustee for this Agreement, if any, or the change of name of a trustee;

(15) the failure of the Local Government on or before the date required by this Agreement to provide Annual Financial Information to the persons and in the manner required by this Agreement;

(16) incurrence of a Financial Obligation of the Local Government, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Local Government, any of which affect security holders, if material; and

(17) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Local Government, any of which reflect financial difficulties.

(e) Additionally, upon request of VRA, the Local Government shall certify in writing that it has made all filings and disclosures required under this Section or any similar undertaking pursuant to the Rule.

(f) Notwithstanding anything in this Agreement to the contrary, the Local Government need not comply with the provisions of subsections (a) through (c) or provide the notice described in subsection (d)(16) above during any Fiscal Year unless VRA has notified the Local Government that it satisfied the objective criteria for a Material Local Government as of the end of VRA's immediately preceding fiscal year. As of the Closing Date the Local Government's Fiscal Year and VRA's fiscal year are the same.

(g) (1) If the Local Government fails to comply with any covenant or obligation set forth in this Section, any holder (within the meaning of the Rule) of VRA Bonds then Outstanding may, by notice to the Local Government, proceed to protect and enforce its rights and the rights of the other holders by an action for specific performance of the Local Government's covenants or obligations set forth in this Section.

(2) Notwithstanding anything herein to the contrary, any failure of the Local Government to comply with any disclosure obligation specified in this Agreement (i) shall not be deemed to constitute an Event of Default under this Agreement and (ii) shall not give rise to any right or remedy other than that described in part (1) of this subsection.

(h) The Local Government may from time to time disclose certain information and data in addition to that required under this Section. Notwithstanding anything in this Agreement to the contrary, the Local Government shall not incur any obligation to continue to provide, or to update, such additional information or data.

(i) The Local Government may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligation to cause to be Made Public the information described in this Section, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. It is not necessary for purposes of this Article that the Dissemination Agent have any agency relationship with the Local Government for purposes of state law.

(j) All documents Made Public under this Section shall be accompanied by identifying information as prescribed by the MSRB.

Section 9.8 **Indebtedness**. The Local Government shall pay when due all amounts required by any indebtedness of the Local Government and perform all of its obligations in connection with all indebtedness of the Local Government.

Section 9.9 **Liability**. (a) Subject to Subsection (b) below, VRA shall not be liable for any loss, damage, death or injury of any kind or character to persons or property, arising from any use of the Leased Property, or any part thereof, or caused by any defect in any building, structure or other improvement thereon or in any other facility thereof, or caused by or arising from any act or omission of the Local Government, or any of its agents, employees, sublessees, licensees or invitees, or by or from any accident on the Real Estate or any fire or other casualty thereon.

(b) Notwithstanding anything herein to the contrary, VRA shall be liable for its own gross negligence or willful misconduct or for any breach of any covenant, representation or warranty of VRA herein or in any other document or instrument executed and delivered in connection with this Agreement.

Section 9.10 **Litigation; Material Change**. The Local Government shall promptly notify VRA of (i) the existence and status of any litigation served upon the Local Government or otherwise known to the Local Government that the County Attorney determines is not reasonably certain to have a favorable outcome and which individually or in the aggregate could have a material adverse effect on the financial condition or operations of the Local Government or its ability to perform its payment and other obligations under this Agreement or (ii) any change in any material fact or circumstance represented or warranted in this Agreement.

Section 9.11 **Local Government Costs Responsibility**. If the Local Government fails to deliver this Agreement or any item required under Section 3.4(a) hereof as of the Closing Date such that VRA does not purchase this Agreement on the Closing Date, VRA may, but shall not be obligated to, invest the related proceeds of the Related Series of VRA Bonds that VRA would have used to purchase this Agreement on the Closing Date. If the Local Government cures the Local Government's failure to deliver this Agreement or any such item required under Section 3.4(a) hereof within 30 days of the Closing Date, VRA, in its sole and absolute discretion, may purchase this Agreement, and this Agreement will bear interest from the date that is 30 days prior to the date of delivery and payment therefor or such other date satisfactory to VRA. The Local Government shall, however, be required to pay to VRA at such closing an amount equal to the positive difference, if any, between (i) the amount of interest that would have accrued on this Agreement had VRA purchased this Agreement on the Closing Date and (ii) the lesser of (a) the amount of interest income VRA was able to earn, during such period, from the investment of its bond proceeds pending their use to purchase this Agreement and (b) the arbitrage yield on the Related VRA Bonds. If VRA does not so purchase this Agreement, the Local Government shall pay to VRA all amounts calculated by VRA, in consultation with its financial advisor, necessary to defease the related portion of the Related VRA Bonds, including any negative arbitrage. Such calculation shall be deemed controlling absent manifest error. In all instances, the Local Government shall pay to VRA its reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VRA in connection with any actions taken by VRA under this Section 9.10.

ARTICLE X
DEFAULTS AND REMEDIES

Section 10.1 **<u>Events of Default</u>**. Each of the following events is an "Event of Default":

(a) The failure to pay any principal component of a Rental Payment in full when due (whether at maturity, redemption date, acceleration or otherwise).

(b) The failure to pay any interest component of a Rental Payment (including Supplemental Interest) when due.

(c) The failure to make any payment or deposit required by this Agreement (other than a Rental Payment) within 15 days after its due date.

(d) The Local Government's failure to perform or observe any of the other covenants, agreements or conditions of this Agreement and the continuation of such failure for a period of 60 days after written notice specifying such failure and requesting that it be cured is given to the Local Government by VRA, or, in the case of any such failure which cannot with diligence be cured within such 60-day period, the Local Government's failure to proceed promptly to commence to cure the failure and thereafter to prosecute the curing of the failure with diligence.

(e) Any warranty, representation or other statement by or on behalf of the Local Government contained in this Agreement or in any instrument furnished in compliance with or in reference to this Agreement or in connection with the issuance and sale of this Agreement is false or misleading in any material respect.

(f) Any bankruptcy, insolvency or other similar proceeding shall be instituted by or against the Local Government under any federal or state bankruptcy or insolvency law now or hereinafter in effect and, if instituted against the Local Government, is not dismissed within 60 days after filing.

(g) An order or decree shall be entered, with the Local Government's consent or acquiescence, appointing a receiver or receivers of the Leased Property or any part of it, or if such order or decree, having been entered without the Local Government's consent or acquiescence, shall not be vacated or discharged or stayed on appeal within 60 days after its entry.

Notwithstanding anything to the contrary contained herein, the Local Government's failure to make any payment hereunder due to non-appropriation is not an Event of Default, but is an Event of Non-Appropriation governed by Article VI.

Section 10.2 Remedies. Upon the occurrence and continuation of an Event of Default, VRA may exercise one or more of the following remedies:

(a) By notice in writing delivered to the Local Government, declare the entire unpaid Rental Payments due and payable. Upon any such declaration, the Local Government shall immediately pay to the Trustee the entire unpaid Rental Payments, and other sums owed hereunder, if any. VRA may in its discretion waive an Event of Default and its consequences and rescind any acceleration of the unpaid Rental Payments.

(b) Reenter and take possession of the Leased Property, with or without terminating this Agreement, exclude the Local Government from possession and sell its leasehold interest in the Leased Property, or lease or sublease all or any portion of the Leased Property for the account of the Local Government, holding the Local Government liable for all Rental Payments and all other payments due up to the effective date of such selling, leasing or subleasing and for the difference between (i) the purchase price, rent or other amounts paid by the purchaser, lessee or sublessee pursuant to such sale, lease or sublease and (ii) the Rental Payments and other amounts payable by the Local Government hereunder.

(c) Take whatever action at law or in equity may appear necessary or desirable to collect the Rental Payments then due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Local Government under this Agreement.

Section 10.3 Other Remedies. Upon the occurrence and continuation of an Event of Default, VRA may proceed to protect and enforce its rights by mandamus or other action, suit or proceeding at law or in equity for specific performance of any agreement contained in this Agreement. No remedy conferred by this Agreement is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to VRA under this Agreement or now or hereafter existing at law or in equity or by statute.

Section 10.4 Delay and Waiver. No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence in it, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default under this Agreement shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent to it. Failure to insist on performance of any of the terms of the provisions of this

Agreement or any of the other Local Lease Documents will not operate as a waiver of any subsequent default.

Section 10.5 **Non-Substitution**. The Local Government acknowledges and agrees that the non-appropriation provisions of Article VI hereof are not intended (i) to be used for convenience termination or (ii) for the purpose of replacing any portion of the Leased Property with other substantially identical property. The Local Government, to the extent permitted by applicable law, agrees not to utilize such provisions for such purposes.

ARTICLE XI
MISCELLANEOUS

Section 11.1 **State Aid Intercept**. The Local Government acknowledges that VRA is treating this Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Act, including amendments thereto taking effect as of July 1, 2011, which in the event of a nonpayment thereunder during the Lease Term authorizes VRA or the Trustee to file an affidavit with the Governor that such nonpayment has occurred pursuant to Section 62.1-216.1 of the Act. In entering into this Agreement, VRA is further relying on Section 62.1-216.1 of the Act, providing that if the Governor is satisfied that such nonpayment has occurred, the Governor will immediately make an order directing the Comptroller to withhold all further payment to the Local Government of all funds, or of any part of them, appropriated and payable by the Commonwealth to the Local Government for any and all purposes, and the Governor will, while the nonpayment continues, direct in writing the payment of all sums withheld by the Comptroller, or as much of them as is necessary, to VRA, so as to cure, or cure insofar as possible, such nonpayment.

Section 11.2 **Successors and Assigns**. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

Section 11.3 **Amendments**. VRA and the Local Government shall have the right to amend from time to time any of this Agreement's terms and conditions, provided that all amendments shall be in writing and shall be signed by or on behalf of VRA and the Local Government.

Section 11.4 **Limitation of Local Government's Liability**. In the absence of fraud or intentional misconduct, no present or future director, official, officer, employee or agent of the Local Government shall be liable personally to VRA in respect of this Agreement or for any other action taken by such individual pursuant to or in connection with the financing provided for in this Agreement.

Section 11.5 **Applicable Law**. This Agreement shall be governed by Virginia law.

Section 11.6 **Severability**. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement. If any agreement or obligation contained in this Agreement is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of VRA and the Local Government, as the case may be, only to the extent permitted by law.

Section 11.7 **Notices**. Unless otherwise provided for herein, all demands, notices, approvals, consents, requests, opinions and other communications under this Agreement shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Local Government, at the address specified for notices on the signature page; (b) if to VRA, at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director; or (c) if to the Trustee, at U.S. Bank Global Corporate Trust Department, CN-VA-MUNI, 5065 Wooster Road, Cincinnati, OH 45226. A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given by any party named in this Section shall also be given to each of the other parties named. VRA, the Local Government and the Trustee may designate, by notice given hereunder, any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.8 **Right to Cure Default**. If the Local Government fails to make any payment or to perform any act required by it under this Agreement, VRA or the Trustee, without prior notice to or demand upon the Local Government and without waiving or releasing any obligation or default, may (but shall be under no obligation to) make such payment or perform such act. All amounts so paid by VRA or the Trustee and all costs, fees and expenses so incurred shall be payable by the Local Government as an additional obligation under this Agreement, together with interest thereon at the rate of 15% per year until paid. The Local Government's obligation under this Section shall survive the payment of this Agreement.

Section 11.9 **Headings**. The headings of the several articles and sections of this Agreement are inserted for convenience only and do not comprise a part of this Agreement.

Section 11.10 **Assurance Regarding Tax Status.** The Local Government agrees that VRA's process of determining its "reasonable assurance" that a particular action may have no adverse effect on the tax status of the 2018C VRA Bonds or the 2026C Tax-Exempt VRA Bonds may include obtaining an approving opinion of nationally-recognized bond counsel.

Section 11.11 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 11.12 **Substitution of Deed of Trust Trustee**. The Trustee hereby agrees to the appointment of Monique L. Green and Melody M. Scott as a substitute Deed of Trust Trustees under the Deed of Trust, which shall be so reflected in the Deed of Trust.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Local Government and VRA are signing this Agreement as of the day and year first above written.

[SEAL]

VIRGINIA RESOURCES AUTHORITY

By: ________________________________

Name: Shawn B. Crumlish

Title: Executive Director

COMMONWEALTH OF VIRGINIA	)
	) to-wit:
CITY OF RICHMOND	)

The foregoing instrument was acknowledged before me this ____ day of __________, 2026 by Shawn B. Crumlish, as Executive Director of Virginia Resources Authority, on behalf thereof.

My commission expires: ______________________

Registration No.: ______________________

[SEAL]

____

Notary Public

Address for Notices:
[to be added]

COUNTY OF NELSON, VIRGINIA

[SEAL]

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

ATTEST:

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF NELSON) to-wit:

The foregoing instrument was acknowledged before me in the County of Nelson, Virginia, this _____ day of ___________, 2026, by __________________, as the __________________ of the Board of Supervisors of the County of Nelson, Virginia, on behalf thereof.

My commission expires: _________________________

[SEAL]

____
Notary Public
Registration No. _________________________

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF NELSON) to-wit:

The foregoing instrument was acknowledged before me in the County of Nelson, Virginia, this _____ day of ___________, 2026, by ___________, as the ___________ of the Board of Supervisors of the County of Nelson, Virginia, on behalf thereof.

My commission expires: _________________________

[SEAL]

____
Notary Public
Registration No. _________________________

The Trustee, by the execution hereof, accepts the duties imposed on it by this Agreement.

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: ________________________________
Name: Monique L. Green
Title: Vice President

COMMONWEALTH OF VIRGINIA)
) to-wit:
CITY OF RICHMOND)

The foregoing instrument was acknowledged before me this _____ day of ________, 2026 by Monique L. Green, as Vice President of U.S. Bank Trust Company, National Association, on behalf thereof.

My commission expires: ________________________

Registration No.: ________________________

[SEAL] ________________________________
Notary Public

EXHIBIT A

DESCRIPTION OF THE REAL ESTATE

Tax Parcel No.: 58B-3- 9A:

All that parcel of land, together with appurtenances thereunto belonging, lying in the Lovingston Magisterial District of Nelson County Virginia, on the east side of the Court House Square in the Town of Lovingston, containing 0.475 acres and being more particularly described on a plat by Saunders Surveys, Inc., P. Massie Saunders, Jr., Surveyor, dated December 4, 2006, entitled “Plat Showing A Portion of the Property of Jane Tunstall Lingo”, a copy of which is recorded in the aforesaid Clerk’s Office in Plat Cabinet 5, Slide 31F.

Being the exact same parcel of land conveyed unto the County of Nelson from Florence E. Brown, also known as Florence Brown Hernandez, by deed dated April 10, 2008, and recorded in the aforesaid Clerk’s Office as Instrument Number 080002624.

EXHIBIT B

DESCRIPTION OF THE PROJECT

2018C Project

A new construction addition of approximately 4,425 square feet to the existing 4,361 square foot Nelson Memorial Library building, renovation of existing space of 375 square feet, and associated new furniture, fixtures, equipment, and additional library collection together with related expenses.

2026C Taxable Project

Finance the Local Government's acquisition of land consisting of approximately 683 acres of land in the Local Government for future economic development projects in the Local Government and other Local Government purposes, together with related expenses.

2026C Tax-Exempt Project

Refinance the Local Government's acquisition of approximately 310 acres of land in the Local Government, together with related expenses.

EXHIBIT C

PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS, OR INVESTIGATIONS

None.

EXHIBIT D

FORM OF REQUISITION

Requisition No.

Date:

U.S. Bank Global Corporate Trust, as Trustee
CN-VA-MUNI
5065 Wooster Road
Cincinnati, Ohio 45226

Virginia Resources Authority
1111 East Main Street
Suite 1920
Richmond, Virginia 23219
Attention: Executive Director

This Requisition, including Schedule 1 and Schedule 2 hereto, is submitted in connection with the Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 18, 2026 (the "Financing Lease") between the Virginia Resources Authority and the County of Nelson, Virginia (the "Local Government"). Unless otherwise defined in this Requisition, each capitalized term used herein has the meaning given it under Article I of the Financing Lease. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2026C Acquisition Fund established under the Sixty-Fifth Supplemental Series Indenture.

Payee (including electronic payment instructions if requesting electronic payment):

Address:

Amount to be Paid:

Purpose (in reasonable detail) for which obligations(s) to be paid were incurred:

Attached on Schedule 2 are the wire instructions for this requisition, and also attached hereto is an invoice (or invoices) relating to the items for which payment is requested.

The undersigned certifies that (i) the amounts requested by this Requisition will be applied in accordance with the Local Tax Document relating to the 2026C Tax-Exempt Project and solely and exclusively to the payment, or the reimbursement of the Local Government for its payment, of Project Costs related to the 2026C Project, (ii) no notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the money payable under the Requisition to any of the persons, firms or corporations named in it has been received, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been released or discharged or will be released or discharged upon payment of the Requisition, and (iii) this Requisition contains no items representing payment on account of any retained percentage entitled to be retained at this date.

If this Requisition includes payments for labor or to contractors, builders or materialmen, the attached Certificate of Local Representative must be completed. If this Requisition includes payments for any lands or easements, rights or interest in or relating to lands, the attached Certificate of the Local Representative must be completed and there must be attached to this Requisition a certificate signed by a Local Representative stating that upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of the construction portion of the 2026C Project over or through such lands.

The Local Government has agreed in the Financing Lease that any amounts it receives pursuant to this Requisition will be (i) immediately applied to reimburse the Local Government for Project Costs it has already paid or (ii) actually spent to pay Project Costs not later than five banking days after receipt.

____
Local Representative

SCHEDULE 1

FORM TO ACCOMPANY REQUISITION

Requisition # ____________________________
Recipient: County of Nelson, Virginia – VRA 2026C
Local Representative: ____________________________
Title: ____________________________
Date: ____________________________

Cost Category	Total Project Cost	Previous Disbursements	Disbursement This Period	Disbursements to Date	Remaining Balance
	$	$	$	$	$
TOTALS	$	$	$	$	$

SCHEDULE 2

WIRE INSTRUCTIONS FOR REQUISITION

[To be provided by the Local Government]

CERTIFICATE OF LOCAL REPRESENTATIVE

The undersigned Local Representative for the Local Government hereby certifies that (i) insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the 2026C Project, and (ii) insofar as the amounts covered by the Requisition include payments for land or easements, rights or interests in or relating to lands, such lands, easements, rights or interests are being acquired and are necessary or convenient for the undertaking and completion of the 2026C Project.

Date: _________, 20__

____
Local Representative

EXHIBIT E

OPERATING DATA

Description of Local Government. A description of the Local Government including a summary of its form of government and budgetary processes.

Debt. A description of the terms of the Local Government's outstanding tax-supported and revenue debt including a historical summary of such outstanding debt; a summary of authorized but unissued debt; a summary of legal debt margin (if any); a summary of overlapping debt; and a summary of annual debt service on outstanding debt as of the end of the preceding fiscal year. The annual disclosure should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Government and any unfunded pension liabilities.

Financial Information and Operating Data. Financial information and operating data respecting the Local Government including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year.

EXHIBIT F

FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT

[Print on the Letterhead of Counsel for the Local Government]

November 17, 2026

Board of Supervisors County of Nelson, Virginia	McGuireWoods LLP Richmond, Virginia

Virginia Resources Authority
Richmond, Virginia

Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 18, 2026

Ladies and Gentlemen:

I have acted as counsel to the County of Nelson, Virginia (the "Local Government"), in connection with the execution and delivery of a Local Lease Acquisition Agreement and Amended and Restated Financing Lease (the "Financing Lease") dated as of September 18, 2026, by and between the Local Government and the Virginia Resources Authority ("VRA"), the net proceeds of which are expected to be applied to finance the 2026C Project (as defined in the Financing Lease) and in such capacity, I have examined, among other things, the following documents:

(a) a certified copy of the Local Authorization (as defined in the Financing Lease), authorizing the execution and delivery of the Financing Lease to finance the 2026C Project;

(b) a copy of the Financing Lease;

(c) a copy of the Prime Lease (as defined in the Financing Lease); and

(d) a copy of the Local Tax Document (as defined in the Financing Lease) relating to the 2026C Tax-Exempt Project.

The documents referred to in clauses (b) through (d) above are referred to collectively as the "Local Lease Documents."

I have also examined such other records and proceedings of the Local Government and conducted such investigations as I deemed appropriate and necessary for purposes of this opinion. Unless otherwise defined, each capitalized term used in this opinion has the same meaning given to such term in the Financing Lease.

As to questions of fact material to the opinions and statements set forth herein, I have relied upon representations of the Local Government set forth in the Local Lease Documents and other certificates and representations by persons including representatives of the Local Government. Whenever an opinion or statement set forth herein with respect to the existence or absence of facts is qualified by the phrase "to the best of my knowledge" or a phrase of similar import, it is intended to indicate that during the course of my representation of the Local Government in connection with the Local Lease Documents no information has come to my attention that should give me current actual knowledge of the existence or absence of such facts. Except to the extent expressly set forth herein, I have not undertaken any independent investigation of the existence or absence of such facts, and no inference as to my knowledge or the existence or absence of such facts should be drawn from the fact of my representation or any other matter.

Based upon such examination and assuming the authorization, execution, delivery and enforceability of all documents by parties other than the Local Government, I am of the opinion that:

1. The Local Government is a duly created and validly existing political subdivision of the Commonwealth of Virginia and is vested with the rights and powers conferred upon it by Virginia law.

2. The Local Government has full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Lease Documents and all related documents, (ii) undertake the 2026C Project, and (iii) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Lease Documents.

3. The Local Lease Documents were duly authorized by the Local Authorization, and the Financing Lease is in substantially the same form as presented to the Governing Body at its meeting at which the Local Authorization was adopted.

4. All governmental permits, licenses, registrations, certificates, authorizations and approvals required to have been obtained as of the date hereof have been obtained for (i) the Local Government's adoption of the Local Authorization, (ii) the execution and delivery of the Local Lease Documents, (iii) the Local Government's performance of its obligations under the Local Lease Documents, and (iv) to the best of my knowledge, the operation and use of the Related Financed Property. I know of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals cannot be obtained as required in the future.

5. The Local Lease Documents have been executed and delivered by duly authorized officials of the Local Government and constitute legal, valid and binding obligations of the Local Government enforceable against the Local Government in accordance with their respective terms, subject to appropriation by the Local Government. The obligations of the Local Government under the Local Lease Documents, and the enforceability of such obligations, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, (c) the exercise of sovereign police powers of the Commonwealth of

Virginia, and (d) rules of law which may limit the enforceability on public policy grounds of any obligations of indemnification undertaken by the Local Government.

6. The execution and delivery of the Local Lease Documents and the performance by the Local Government of its obligations thereunder are within the powers of the Local Government and will not conflict with, or constitute a breach or result in a violation of, (i) any federal or Virginia constitutional or statutory provision, (ii) to the best of my knowledge, any agreement or other instrument to which the Local Government is a party or by which it is bound or (iii) to the best of my knowledge, any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

7. The Local Government, to the best of my knowledge, is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in default under any instrument under and subject to which any indebtedness for borrowed money has been incurred. To the best of my knowledge, no event or condition has happened or existed, or is happening or existing, under the provisions of any such instrument, including but not limited to the Financing Lease, which constitutes, or which, with notice or lapse of time, or both, would constitute, an event of default thereunder.

8. The Local Government to the best of my knowledge, (i) is not in violation of any existing law, rule or regulation applicable to it in any way which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Lease Documents and (ii) is not in default under any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Local Government is a party or by which it is bound or to which any of its assets is subject, which would have a material adverse effect on its financial condition or its ability to perform its obligations under the Local Lease Documents. The execution and delivery by the Local Government of the Local Lease Documents and the compliance with the terms and conditions thereof will not conflict with, result in a breach of or constitute a default under any of the foregoing, to the best of my knowledge.

9. Except as set forth in Exhibit C of the Financing Lease, no litigation has been served upon the Local Government, nor, to the best of my knowledge, are there pending or threatened against the Local Government, any actions, suits, proceedings or investigations of a legal, equitable, regulatory, administrative or legislative nature (i) affecting the creation, organization or existence of the Local Government or the title of its officers to their respective offices, (ii) seeking to prohibit, restrain or enjoin the approval, execution, delivery or performance of the Local Authorization or the Local Lease Documents, (iii) in any way contesting or affecting the validity or enforceability of the Local Authorization, the Local Lease Documents or any agreement or instrument relating to any of the foregoing, (iv) in which a judgment, order or resolution may have a material adverse effect on the Local Government or its business, assets, condition (financial or otherwise), operations or prospects or on its ability to perform its obligations under the Local Authorization or the Local Lease Documents, or (v) affecting the undertaking of the 2026C Project.

This opinion may only be relied upon by VRA, and its successors and assigns. There is no obligation to update this opinion in the event of a change in law or other future event. No financial information has been provided by this Firm regarding the Local Government's creditworthiness.

Very truly yours,

EXHIBIT G

FORM OF CERTIFICATION AS TO NO DEFAULT AND TAX COMPLIANCE

[DATE]

[Insert Name]
Compliance & Financial Analyst
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Dear [Mr./Ms.] ______:

In accordance with Section 9.4 of the Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 18, 2026 (the "Financing Lease") between Virginia Resources Authority and the County of Nelson, Virginia (the "Local Government"), I hereby certify that, during the fiscal year that ended June 30, ______, and through the date of this letter:

1. [No event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time, or both, would constitute, an Event of Default as defined in Section 10.1 of the Financing Lease.] [If an Event of Default has occurred, please specify the nature and period of such Event of Default and what action the Local Government has taken, is taking or proposes to take to rectify it].

2. [The ownership and status of the Related Financed Property or any portion thereof has not changed in whole or in part since the Closing Date.] [If untrue, please describe.]

3. [Neither the Related Financed Property nor any portion thereof is being used by a Nongovernmental Person pursuant to a lease, an incentive payment contract or a take-or-pay or other output-type contract.] [If untrue, please describe.]

4. [Neither the Related Financed Property nor any portion or function thereof is being used pursuant to or is otherwise subject to a Service Contract that does not satisfy the requirements of Revenue Procedure 2017-13.] [If untrue, please describe.]

5. [Other than as may be described in paragraphs 2, 3 and 4 above, neither the Related Financed Property nor any portion or function thereof nor any portion of the Proceeds is being used for a Private Business Use.] [If untrue, please describe.]

6. [The Local Government has not used or permitted the use of any Proceeds of the Financing Lease directly or indirectly to make a loan to an ultimate borrower other than itself within the meaning of Section 4.3 of the Local Tax Document.] [If untrue, please describe.]

7. [Other than any amounts described in the Local Tax Document (as defined in the Financing Lease), between VRA and the Local Government and amounts that may constitute or be on deposit in a Bona Fide Debt Service Fund, there neither have been nor are now any moneys, securities, obligations, annuity contracts, residential rental property, AMT Bonds, investment-type property, Sinking Funds, Pledged Funds, or other Replacement Proceeds accumulated or held or pledged as security by the Local Government or any other Substantial Beneficiary of the Financing Lease as security for or the direct or indirect source of the payment of the principal of or interest on the Financing Lease.] [If untrue, please describe.]

8. [The Local Government is in compliance with the recordkeeping requirements of Section 4.8 of the Local Tax Document.] [If untrue, please describe.]

9. [Other than as may be described above, the Local Government is not in default of any of its obligations under either Local Tax Document.] [If untrue, please describe.]

10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Financing Lease or the Local Tax Document.

Sincerely,

[Insert Name]
Local Representative

EXHIBIT H

DESCRIPTION OF SPECIAL USE ARRANGEMENTS

None.

EXHIBIT I

FORM OF AUTHORIZED REPRESENTATIVE(S) CERTIFICATE

I, Insert Name of Authorizing Person, a duly elected acting Insert Title of Insert Institution Name, a(n) Insert State Insert Type of Institution- i.e. Municipality, Corporation, etc., do hereby certify that the following has/have been appointed as (an) Authorized Representative(s), at the date hereof, and are authorized to act on behalf of the above Institution in matters relating to Insert name of bond issue, master financing program, escrow, etc..

I also certify that the signatures opposite their names are the signatures of such individuals.

Name (First, middle [as applicable], last)	Title (list multiple titles if applicable	Contact Information	Specimen Signature
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	

CALLBACK DESIGNEES (TO BE CALLED FIRST FOR ANY REQUIRED PAYMENT INSTRUCTION VERIFICATION):

Name (First, middle [as applicable], last)	Title (list multiple titles if applicable	Contact Information	Specimen Signature
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	
Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	

Insert Name	Insert Title	Insert Phone Number Insert E-mail Address	

Witness my signature on this Insert day day of Insert month, Insert year.

____

(Signature of Authorizing Person)

(Note: If there are multiple individuals identified as Authorized Representatives, one of those same individuals may execute the form as the "Authorizing Person". If there is a single individual named as an Authorized Representative, the "Authorizing Person" must be an individual that is not the named Authorized Representative.)

SCHEDULE 1.1

FINAL TERMS

* The Lease Proceeds Amount was determined as follows: by adding to the par amount of the Related 2026C VRA Bonds ($__________), the Local Government's share of the net premium on the 2026C VRA Bonds ($__________) and subtracting from the par amount of the Related 2026C VRA Bonds the Local Government's share of VRA's Expenses set forth in Section 3.2 ($__________) and the Local Government's share of the deposit on the Closing Date to the VRA Reserve ($__________).

ADDITIONAL CONDITIONS PRECEDENT TO ACQUISITION OF FINANCING LEASE:

None.

ADDITIONAL CONDITIONS PRECEDENT TO FIRST REQUISITION OF THE LEASE PROCEEDS AMOUNT:

None.

PROJECT BUDGET

2018C PROJECT

Nelson County, Virginia
Sources and Uses of Funds

Sources

Par Amount	$
Net Premium (Discount)	
Estimated Earnings	
Total Sources	$

Uses

Architecture/Engineering	$
New Construction	
Renovations	
Stormwater Requirements	
Site Costs	
Furniture/Fixtures/Equipment	
IT Costs	
Additional Library Collection	
Local Costs of Issuance	
VRA Costs of Issuance	
Underwriter's Discount	
Contingencies	
Capital Reserve Fund - Partial Allocation	
Additional Proceeds	
Total Uses	$

2026C TAXABLE PROJECT

Nelson County, Virginia
Sources and Uses of Funds

2026C TAX-EXEMPT PROJECT

Nelson County, Virginia
Sources and Uses of Funds

RENTAL PAYMENT SCHEDULE

The Rental Payments referenced in Section 5.1(a)(1) are due semi-annually on each of the dates set forth in the column "Period Ending" in the corresponding amount set forth in the column "Total Debt Service." This page and the following page show the debt service on the Related 2018C VRA Bonds and the Related 2026C VRA Bonds.

[To be added]

Prepared by:
Anne Curtis Saunders
McGuireWoods LLP
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219

Tax Parcel Nos.: 58B-3- 9A

AMENDED AND RESTATED LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT

THIS CREDIT LINE DEED OF TRUST IS EXEMPT FROM RECORDING TAXES UNDER SECTIONS 62.1-219 AND 17.1-266 OF THE CODE OF VIRGINIA OF 1950, AS AMENDED AND THE MAXIMUM PRINCIPAL AMOUNT SECURED HEREBY IS $________.

This **AMENDED AND RESTATED LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT** (as amended, modified, extended, restated or supplemented from time to time, this "Deed of Trust"), is dated as of September 18, 2026, and is made by the VIRGINIA RESOURCES AUTHORITY, a public body corporate and a political subdivision of the Commonwealth of Virginia ("Grantor" for indexing purposes and "VRA" for reference herein), to MONIQUE L. GREEN, a resident of the County of Chesterfield, Virginia, and MELODY M. SCOTT, a resident of the County of Henrico, Virginia, as trustees, either of whom may act and each of whom have a business address of CN-VA-MUNI, 5065 Wooster Road, Cincinnati, Ohio 45226 (whether one or many, "Grantee" for indexing purposes and the "Deed of Trust Trustee" for reference herein), for the benefit of U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee under the Indenture (as defined below), the beneficiary hereunder, whose address is CN-VA-MUNI, 5065 Wooster Road, Cincinnati, Ohio 45226 ("Grantee" for indexing purposes and, together with its successors and assigns, the "Indenture Trustee" for reference herein).

RECITALS

A. VRA and the County of Nelson, Virginia (the "County") have entered into that certain Amended and Restated Prime Lease dated as of September 18, 2026, and recorded in the Office of the Clerk of the Circuit Court for the County (the "Clerk's Office") on even date herewith and prior hereto (as amended, modified, extended, restated or supplemented from time to time, the "Prime Lease"), whereby the County has leased to VRA, and VRA has leased from the County, the real estate described in **Exhibit A** (the "Real Estate") and the Improvements (as defined in the hereinafter defined Financing Lease). Collectively, the Real Estate and the Improvements are referred to herein and more particularly defined in the Financing Lease as the "Leased Property".

B. VRA has issued a portion of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2018C (the "Related 2018C VRA Bonds") and is issuing a portion of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Taxable) (the "Related 2026C Taxable VRA Bonds") and Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2026C (Tax-Exempt) (the "Related 2026C Tax-Exempt VRA Bonds" and, together with the Related 2018C VRA Bonds and the Related 2026C Taxable VRA

Bonds, the "Related VRA Bonds") to assist the County with financing one or more projects (collectively, the "Project") as described in that certain Local Lease Acquisition Agreement and Amended and Restated Financing Lease dated as of September 18, 2026, from VRA as lessor in favor of the County as lessee, and recorded in the Clerk's Office on even date herewith and prior hereto (as amended, modified, extended, restated or supplemented from time to time, the "Financing Lease"), whereby VRA leased back to the County, and the County leased back from VRA, the Leased Property.

C. VRA entered into a Leasehold Deed of Trust and Security Agreement dated as of June 1, 2013, which was amended and restated by an Amended and Restated Leasehold Deed of Trust and Security Agreement dated as of September 21, 2018, (as amended and restated, the "2018C Deed of Trust"), in connection with the issuance of the Related 2018C VRA Bonds to finance the 2018C Project (as defined in the Financing Lease), which was recorded in the Clerk's Office as Instrument 180002517.

D. The Related VRA Bonds have been and will be issued pursuant to a Master Indenture of Trust dated as of December 1, 2003, as previously supplemented and amended and as further supplemented by a Sixty-Fifth Supplemental Series Indenture of Trust dated as of November 1, 2026 (collectively and as the same may be further supplemented and amended from time to time, the "**Indenture**"), both between VRA and the Indenture Trustee. Under the Indenture, the Related VRA Bonds are secured equally and ratably with all other outstanding bonds and bonds issued in the future (collectively with the Related VRA Bonds, the "Bonds") upon the terms and conditions set forth in the Indenture. Under the Indenture, VRA has agreed to grant, convey and/or assign to the Indenture Trustee and/or the Deed of Trust Trustee, as security for the Bonds, all of its right, title and interest in and to the Prime Lease and the Financing Lease (collectively, the "**Leases**"), subject to the terms of the Indenture (including the right and license described in Section 2(b) below).

E. Unless otherwise defined, each capitalized term used herein has the same meaning given it in the Financing Lease.

NOW, THEREFORE, to secure the payment of the Bonds and performance of VRA's obligations under this Deed of Trust, the Bonds, the Indenture, the Leases and in all other instruments securing the Bonds (collectively, the "Obligations"), if any, that may now or hereafter become owing from VRA to the Indenture Trustee, and in consideration of One Dollar ($1.00) in hand paid, receipt and sufficiency of which is hereby acknowledged, VRA does hereby irrevocably grant, convey and assign, with special warranty of title, power of sale and right of entry and possession, unto the Deed of Trust Trustee, its successors and assigns forever, all right, title and interest which VRA now has or may hereafter acquire in and to the Property (as hereinafter defined), in trust for the benefit of the Indenture Trustee.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be conveyed and assigned, to the Deed of Trust Trustee and its successor(s) in such trust and its assign(s) forever.

1. PROPERTY. The leasehold estate created by the Prime Lease together with VRA's interest in the following described property are collectively referred to herein as the "Property":

(a) All Improvements and all materials intended for construction, reconstruction, alteration and repair of such Improvements which shall be deemed to be included in the Property immediately upon delivery thereof to the Real Estate;

(b) All the easements, rights of way and appurtenances thereunto belonging or in any way appertaining, and the reversion or reversions, remainder and remainders, rents, issue and profits thereof; and also all the estate, right, title, interest, property, claim and demand whatsoever of VRA of, in and to the same and of, in and to every part and parcel thereof;

(c) All right, title and interest of VRA, if any, in and to the land lying in the bed of any street, road, avenue or alley, opened or proposed, in front of or adjoining the Real Estate;

(d) All Personalty, which as used herein, shall mean, collectively: (a) all tangible personal property of every kind and description, whether stored on the Real Estate or elsewhere, including without limitation, all goods, materials, supplies, tools, books, records, chattels, furniture, fixtures, equipment, machinery, and which in all cases is either (i) acquired or brought onto the Real Estate under or pursuant to any of the Contracts (as hereinafter defined), or (ii) affixed or installed, or to be affixed or installed, in any manner on the Real Estate or the structural Improvements, regardless of whether such property, when installed, would be deemed fixtures or severable improvements; (b) all architectural and engineering contracts (collectively, the "Contracts"), plans, specifications and drawings (including as-built drawings) which arise from or relate to the Project; and (c) all substitutions, replacements, additions, accessions and proceeds for or to any of the foregoing, and all books, records and files relating to any of the foregoing, regardless of whether kept or stored in tangible or electronic media;

(e) All awards or payments, including interest thereon, and the right to receive the same, that may be made with respect to the Property as a result of (i) the exercise of the right of eminent domain or deed in lieu thereof, (ii) the alteration of the grade of any street or (iii) any other injury to or decrease in the value of the Property, to the extent of all amounts that may be secured by this Deed of Trust at the date of receipt of any such award or payment by the Indenture Trustee and to the extent of the reasonable counsel fees, costs and disbursements incurred by the Indenture Trustee in connection with the collection of such award or payment. VRA agrees to execute and deliver, from time to time, such further instruments as may be requested by the Indenture Trustee to confirm the assignment to the Indenture Trustee of any such award or payment;

(f) All modifications and substitutions for, and all proceeds from, the Property, including, without limitation, all insurance proceeds and condemnation awards payable as a result of the loss or damage to, or the taking by eminent domain of, all or any part of the Property; and

(g) All existing and future leases, subleases and subtenancies of or relating to the Property (including without limitation the Financing Lease and any sublease thereunder) (collectively, the "Assigned Leases") and all rents, incomes and profits arising from the Property, provided that this assignment shall not impose on the Deed of Trust Trustee or the Indenture Trustee any obligations of the lessor under such Assigned Leases.

2. GENERAL COVENANTS AND RESERVED RIGHTS. (a) The 2018C Deed of Trust is hereby amended and restated in its entirety. VRA shall cause to be paid all amounts due under the Bonds from the revenues and other property pledged under the Indenture and shall perform all covenants, conditions and agreements of VRA contained in the Bonds and the Leases. VRA acknowledges that the Financing Lease contains certain covenants by the County with respect to the Leased Property that are binding on successors in interest in the Leased Property and that include matters relating to maintenance, repair, insurance, taxes, damage and destruction with respect to the Leased Property. The provisions of the Financing Lease are hereby incorporated by reference in this Deed of Trust.

(b) As permitted under Section 2.3 of the Indenture, so long as no Event of Default (as defined in the Indenture) with respect to the Bonds has occurred and is continuing, VRA has the right and license, among other things, to enjoy and enforce all of VRA's rights under the Leases, which right and license includes, among other things, the right to amend the property leased pursuant to the Leases and grant certain rights and privileges related to such property, and make corresponding amendments to this Deed of Trust to conform it to the changes to the Leases all without the consent of the Indenture Trustee or the Deed of Trust Trustee.

3. LEASE. VRA represents, warrants, covenants and agrees that:

(a) This Deed of Trust is lawfully executed and delivered in conformity with the Financing Lease and the Indenture;

(b) VRA shall promptly perform and observe all of the terms, covenants and conditions required to be performed and observed by VRA under the Leases, within the periods as are provided therein, and will do all things necessary to preserve and to keep unimpaired their rights under the Leases;

(c) VRA shall promptly notify the Indenture Trustee in writing of any default or failure by the County in the performance or observance of any of the terms, covenants, or conditions on the part of the County to be performed or observed under the Leases (including the occurrence of an Event of Non-Appropriation under the Financing Lease);

(d) VRA shall (i) promptly notify the Indenture Trustee in writing of the receipt by VRA of any notice from the County noting or claiming any default by VRA or the County in the performance or observance of any of the terms, covenants, or conditions to be performed or observed under the Leases; (ii) promptly notify the Indenture Trustee in writing of the receipt by VRA of any notice from the County to VRA of termination of the Leases pursuant to the provisions thereof; and (iii) promptly cause a copy of each such notice received by VRA from the County to be delivered to the Indenture Trustee; and

(e) VRA shall execute and deliver, on request of the Indenture Trustee, such instruments as the Indenture Trustee may deem useful or required to permit the Indenture Trustee to cure any default under the Leases or permit the Indenture Trustee to take such other action as the Indenture Trustee considers desirable to cure or remedy the matter in default and preserve the interest of the Indenture Trustee in the Property.

The generality of the provisions of this paragraph relating to the Leases are not limited by other provisions of this Deed of Trust setting forth particular obligations of VRA which are also required of VRA under the Leases. The rights granted and remedies available to the Indenture Trustee under this Deed of Trust are separate and cumulative of any and all rights granted and available to the Indenture Trustee under the Leases.

4. NO MERGER. So long as any of the obligations secured by this Deed of Trust remain unpaid, unless the Indenture Trustee otherwise consents in writing, the separate leasehold estates in the leasehold premises demised under the Leases will not merge with each other or with the fee estate in and to the Leased Property, but always will be kept separate and distinct, notwithstanding the union of such estates in the County or VRA, or in a third party, by purchase or otherwise.

5. REMEDIES ON DEFAULT OR ACCELERATION. (a) Upon the occurrence and continuation of a Remedy Event (as defined below), the Indenture Trustee may, subject to the terms of the Indenture:

(i) have access to and inspect, examine and make copies of VRA's books, records and accounts pertaining to the Property;

(ii) exercise any of the rights of the Indenture Trustee under this Deed of Trust or the Leases; and

(iii) take whatever action at law or in equity which appears necessary or desirable to collect the amounts then due and to become due or to enforce observance or performance of the Obligations.

(b) Whenever a Remedy Event has occurred and is continuing, and if and as directed by the Indenture Trustee, the Deed of Trust Trustee shall execute the trust created by this Deed of Trust and shall sell, lease or otherwise transfer at the option of the Indenture Trustee VRA's interest in the Property (or such portion thereof as the Indenture Trustee may select) for cash or upon such terms and conditions as the Deed of Trust Trustee may deem expedient, and at such time and place as the Deed of Trust Trustee may consider advisable, at public auction, after having first advertised the time, place and terms and given notice to the County and VRA as required by law. Out of the proceeds of any such sale (and except to the extent some other allocation of proceeds is required by statute) after paying first all the expenses attending the execution of this trust, including auctioneer's fees, if any, trustee's commission on the proceeds of sale as provided by law and, second, all taxes, levies, assessments, insurance premiums and other charges due and unpaid at the time of sale, any and all amounts advanced by the Deed of Trust Trustee or the Indenture Trustee in accordance with the terms hereof, with interest and penalties thereon and a ratable portion of the taxes, assessments or levies for the calendar year in which VRA's interest in the Property is sold, then the Deed of Trust Trustee will pay to the Indenture Trustee the Rental Payments under the Financing Lease then unpaid, and all other obligations secured by the Financing Lease, and finally will pay the balance, if any, to the holders of any junior liens upon the Property and then to the County. In the event of any foreclosure hereunder, the Indenture Trustee has the right to cause to be transferred or canceled any and all insurance policies then outstanding on the Property and the proceeds of such transfer or cancellation will be accounted for and disbursed as though it were a part of the proceeds of sale of the Property. The insurance companies issuing such policies of insurance are hereby authorized to transfer or cancel the same upon the order of the Indenture Trustee and to remit the proceeds of any such cancellation to the Indenture Trustee. If, before or at the time of the sale, the Deed of Trust Trustee shall deem it proper for any reason to postpone or continue the sale, they may do so, in which event notice of such postponement will be published in at least one subsequent issue of the same newspaper before the day of sale. Further, upon the occurrence of any such Remedy Event, the Deed of Trust Trustee, at the request of the Indenture Trustee, will have the absolute right to enter upon the Property and take possession thereof, and VRA agrees to surrender the Property to the Deed of Trust Trustee promptly upon demand. The Deed of Trust Trustee will have the right to operate the Property themselves or through agents appointed by them and to receive rents and profits therefrom. All such rents and profits will be applied to reasonable compensation to the Deed of Trust Trustee for their services and to the expenses of operating the Property, with any excess to be applied to payment of interest on and the principal of the Bonds.

(c) As used in this Deed of Trust, "Remedy Event" means that both of the following have occurred, (i) an Event of Default, as defined in the Indenture, exists and is continuing beyond applicable notice and cure periods and (ii) (A) an Event of Default, as defined in the Financing Lease, exists and is continuing beyond applicable notice and cure periods and/or (B) an Event of Non-Appropriation, as defined in the Financing Lease, exists and is continuing beyond applicable notice and cure periods.

6. RECEIVERSHIP. VRA agrees that if a Remedy Event has occurred and is continuing, the Indenture Trustee may apply for the appointment of a receiver of the Property or the rents and profits of the Property, or both, without notice except as required by law, and will be entitled to the appointment of the receiver as a matter of right, without consideration of the value of the Property, and solvency of VRA or the effect of the receivership on the operation of the Property or the County's business thereon.

7. CONCERNING THE DEED OF TRUST TRUSTEE.

(a) The powers of the Deed of Trust Trustee hereunder may be exercised by either Deed of Trust Trustee named herein or any successor Deed of Trust Trustee, and the Deed of Trust Trustee may act through their agents and attorneys, and in the event of the resignation, death, incapacity, disability, removal or absence from the Commonwealth of Virginia of the Deed of Trust Trustee hereunder, or in the event the Indenture Trustee for any reason (which reason need not be specified) may deem it appropriate, the Indenture Trustee may, by instrument executed and acknowledged, designate and appoint one or more substitute Deed of Trust Trustees in the place and stead of any such Deed of Trust Trustee, the substituted Deed of Trust Trustee or Deed of Trust Trustees to thereupon be vested with all the powers, rights, authority and duties vested in a Deed of Trust Trustee hereunder. Each such appointment and substitution will be made by written instrument executed by the Indenture Trustee containing reference to this Deed of Trust sufficient to identify it, which instrument, when recorded in the Clerk's Office, will be conclusive proof of proper appointment of the successor trustee. The recital or statement, in any instrument executed by Deed of Trust Trustee in pursuance of any of said trusts, of the due authorization of any agent of the Deed of Trust Trustee executing the same will for all purposes be conclusive proof of such authorization.

(b) The Deed of Trust Trustee will be under no duty (i) to take any action hereunder except as expressly set forth herein and then only following notice of default set forth below, and no implied obligations will be read into this Deed of Trust; or (ii) to perform any act that would involve them in expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to their satisfaction; or (iii) to account for the use or application of any payments of the Bonds or under any other documents securing the sale. The Deed of Trust Trustee will not be required to take notice, nor will they be deemed to have knowledge, of any default of VRA or the County, nor will they be required to ascertain or inquire as to the performance of any covenants or agreements contained herein or in the Leases or the Bonds, and they may conclusively assume that there has been no such default unless and until they have been specifically notified in writing of such default by the Indenture Trustee, VRA or the County.

(c) VRA will pay, from legally available funds, or cause to be paid (subject to legally available funds) to the Deed of Trust Trustee just compensation for any and all services performed and all their expenses, charges, counsel fees and other disbursements incurred on and about the administration and execution of the trusts hereby created, and the performance of their duties and powers hereunder, which compensation, expenses, fees and disbursements will constitute a part of the indebtedness secured hereby. To the extent funds are legally available, VRA agrees to save the Deed of Trust Trustee harmless, or cause to be held harmless the Deed of Trust Trustee, against any loss, liability or expense that it may incur in the exercise and performance of its powers and duties hereunder or the administration of this trust or as a result of serving as a Deed of Trust Trustee hereunder, and not due to its negligence or bad faith.

8. ASSIGNMENT OF PERSONALTY, LEASES AND RENTS. In amplification of the grant, conveyance and assignment of the Property set forth above, VRA hereby assigns to the Indenture Trustee, as additional security for the Obligations, (i) the Personalty, to the extent assignable, and (ii) the Assigned Leases and any and all rents, income and profits now or hereafter due under the Assigned Leases or otherwise from or arising out of the Real Estate, including tax and insurance contributions, forfeitures or liquidated damages following default in any Assigned Lease, all proceeds derived from the termination or rejection of any Assigned Lease in a bankruptcy or other insolvency proceeding, and all proceeds from any rights and claims of any kind that VRA may have against any tenant under any Assigned Lease or any occupants of the Real Property (collectively, the "Rents"). The Indenture Trustee, at its option, may collect and apply the rents, less expenses of collection, to the Rental Payments under the Financing Lease, rent payable under the Prime Lease, or to the performance of VRA's obligation hereunder or to the continued operation of the Property, or any combination of the foregoing, in such manner and amounts as the Indenture Trustee in its sole discretion may determine. The Indenture Trustee may take all further actions necessary to invoke its rights as assignee under the

Assigned Leases, with or without taking possession of the Property. The remedies granted in this paragraph are in addition to the other remedies provided in this Deed of Trust or in any other instrument securing the Bonds, and no exercise hereunder shall prevent a simultaneous or subsequent exercise of any other such remedy. THIS IS AN ABSOLUTE ASSIGNMENT, NOT AN ASSIGNMENT FOR SECURITY ONLY. Notwithstanding the foregoing assignment, the Indenture Trustee hereby confers upon VRA a license to collect and retain the Rents as they become due and payable so long as no Remedy Event shall exist and be continuing. If such a Remedy Event has occurred and is continuing, the Indenture Trustee shall have the right, exercisable in its sole discretion, to terminate the foregoing license without notice to or demand upon VRA, and without regard to the adequacy of the security for the Obligations.

9. SECURITY AGREEMENT; FIXTURE FILING. VRA shall execute and deliver, from time to time, such instruments as may be requested by the Indenture Trustee to confirm the lien of this Deed of Trust on any portion of the Property. This Deed of Trust, in addition to constituting a lien on real estate, is a security agreement under the Uniform Commercial Code as in effect in the Commonwealth of Virginia, as amended or recodified from time to time (the "UCC"), between VRA as debtor and the Indenture Trustee as secured party, by which VRA has granted to the Indenture Trustee a security interest in all Personalty and will support any financing statement filed showing the interest of the Indenture Trustee as a secured party with respect to any portion of the security described in such financing statement. The Indenture Trustee, in addition to, and not in lieu of or in diminution of, its rights and remedies herein provided, has all rights and remedies of a secured party under the UCC. This Deed of Trust also constitutes a financing statement under the UCC covering any of the Property which now is or may later become a fixture attached to the Real Estate or any Improvements. The real property to which the fixtures relate, and the record owners thereof, are described on Exhibit A attached hereto. The name and mailing address of the debtor for purposes of this financing statement is the name and mailing address of VRA set forth in the preamble of this Deed of Trust, and the name and mailing address of the secured party for purposes of this financing statement is the name and mailing address of the Indenture Trustee set forth in the preamble of this Deed of Trust.

10. MISCELLANEOUS COVENANTS AND AGREEMENTS.

(a) VRA shall permit, subject to the Leases, the Deed of Trust Trustee and the Indenture Trustee to inspect the Property at such reasonable time or times, upon prior written or telephonic notice to the County, as they may desire, either in person or through their duly authorized agents or representatives.

(b) VRA waives the benefit of any debtor's exemptions that lawfully may be waived as to the indebtedness and obligations secured by this Deed of Trust.

(c) Except as otherwise provided herein, the covenants herein contained bind, and the benefits and advantages herein contained inure to, the respective heirs, personal representatives, successors and assigns of the parties hereto and of the Indenture Trustee and its successors and assigns. Whenever used herein, the singular number includes the plural and the plural the singular, and the use of any gender includes all other genders.

(d) The rights of the Indenture Trustee and the Deed of Trust Trustee arising under the clauses and covenants contained in this Deed of Trust, the Bonds, the Indenture or the Leases are separate, distinct and cumulative, and none of them are in exclusion of the others or of any rights and remedies to which the Indenture Trustee or Deed of Trust Trustee is entitled at law or in equity. No act of the Indenture Trustee or the Deed of Trust Trustee will be construed as an election to proceed under any one provision herein to the exclusion of any other provision, and no failure to act hereunder or thereunder in the event of a default will be deemed to constitute waiver of any continuation of that default or of any other default. In the event that one or more provisions of this Deed of Trust, the Bonds, the Indenture or the Leases shall be held to be invalid, illegal or unenforceable in any respect such invalidity, illegality or unenforceability will not affect any other provisions hereof, and this Deed of Trust will be construed as if any such provisions had never been contained herein.

(e) Any notice which any party hereto may desire or be required to give to the other is deemed to be adequate and sufficient notice if given in accordance with the provisions of the Indenture or Financing Lease.

(f) Upon the payment in full of the Related Bonds and the termination of the Financing Lease, the Indenture Trustee and the Deed of Trust Trustee, at the expense of VRA, shall cause the lien and security interest created by this Deed of Trust to be released, cancelled and discharged, and the Indenture Trustee and the Deed of Trust Trustee shall execute and deliver to VRA instruments necessary to effect such release, cancellation and discharge, and shall assign and deliver to VRA any property which the Deed of Trust Trustee then may hold pursuant to this Deed of Trust.

(g) If any clause, provision or section of this Deed of Trust is held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof, and this Deed of Trust shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein. If any agreement or obligation contained in this Deed of Trust is held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the Local Government or VRA, as the case may be, only to the full extent permitted by law.

(h) This Deed of Trust shall be governed by the applicable laws of the Commonwealth of Virginia. It expresses the entire understanding and all agreements between the parties and may not be modified except in writing signed by VRA and the Indenture Trustee.

(i) This Deed of Trust may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute but one and the same instrument.

(j) VRA hereby waives the benefit of any exemptions as to the debt hereby secured and as to all other obligations which may be imposed upon VRA by the provisions of this Deed of Trust.

11. VRA EXPRESSLY WAIVES AND RELEASES ANY REQUIREMENT OR OBLIGATION THAT THE INDENTURE TRUSTEE OR THE DEED OF TRUST TRUSTEE PROCEED BEFORE ANY COURT, CLERK, OR OTHER JUDICIAL OR QUASI-JUDICIAL BODY BEFORE EXERCISE OF THE POWERS OF SALE CONTAINED IN THIS DEED OF TRUST AND IN SECTIONS 55.1-321 THROUGH 55.1-324 OF THE CODE.

12. FUTURE ADVANCES. This Deed of Trust is given wholly or partly to secure future advances and/or future obligations that may be made or incurred under this Deed of Trust and the Indenture. The maximum principal amount secured hereby is $________.

13. Under the Financing Lease, the Indenture Trustee has agreed to the appointment of Melody M. Scott and Monique L. Green as substitute Deed of Trust Trustees under this Deed of Trust in place and stead of Patricia A. Welling and Nancy H. Taylor who served as original Deed of Trust Trustees under the 2018C Deed of Trust, and Melody M. Scott and Monique L. Green are hereby so appointed and granted all of the power, rights, authority and duties vested in Patricia A. Welling and Nancy H. Taylor as original Deed of Trust Trustees, and all of the estate of Patricia A. Welling and Nancy H. Taylor as Deed of Trust Trustees shall be vested with Melody M. Scott and Monique L. Green as substitute Deed of Trust Trustees.

14. EXCULPATION. Notwithstanding anything contained in this Deed of Trust to the contrary, all of the obligations of VRA hereunder are nonrecourse obligations, and the Deed of Trust Trustee and the Indenture Trustee must look solely to the Property for the satisfaction of any and all remedies they may have against VRA upon a default hereunder. Neither the Deed of Trust Trustee nor the Indenture Trustee may enforce or attempt to enforce any deficiency or other personal money judgment against VRA with respect to the Obligations.

[Signature Page Follows]

WITNESS the following signature as of the date first above written.

[SEAL] **VIRGINIA RESOURCES AUTHORITY**

By: ______________________________________
Name: Shawn B. Crumlish
Title: Executive Director

COMMONWEALTH OF VIRGINIA)
) to-wit:
CITY OF RICHMOND)

The foregoing instrument was acknowledged before me this ___ day of ________, 2026 by Shawn B. Crumlish, as Executive Director of Virginia Resources Authority, on behalf thereof.

My Commission Expires: January 31, 2030

Notary Registration Number: 7792895

[SEAL] ______________________________________
Notary Public

EXHIBIT A

DESCRIPTION OF REAL ESTATE

Tax Parcel No.: 58B-3- 9A:

All that parcel of land, together with appurtenances thereunto belonging, lying in the Lovingston Magisterial District of Nelson County Virginia, on the east side of the Court House Square in the Town of Lovingston, containing 0.475 acres and being more particularly described on a plat by Saunders Surveys, Inc., P. Massie Saunders, Jr., Surveyor, dated December 4, 2006, entitled “Plat Showing A Portion of the Property of Jane Tunstall Lingo”, a copy of which is recorded in the aforesaid Clerk’s Office in Plat Cabinet 5, Slide 31F.

Being the exact same parcel of land conveyed unto the County of Nelson from Florence E. Brown, also known as Florence Brown Hernandez, by deed dated April 10, 2008, and recorded in the aforesaid Clerk’s Office as Instrument Number 080002624.

V B

BOARD OF
SUPERVISORS

ERNIE Q. REED
Central District

JESSE N. RUTHERFORD
East District

J. DAVID PARR
West District

DR. JESSICA LIGON
South District

A. CAMERON LENAHAN
North District

CANDICE W. MCGARRY
County Administrator

AMANDA B. SPIVEY
Administrative Assistant/
Deputy Clerk

GRACE E. MAWYER
Director of Finance and
Human Resources

RESOLUTION R2026-76
NELSON COUNTY BOARD OF SUPERVISORS
APPROVAL OF SUB-RECIPIENT MONITORING POLICY
AND WHISTLEBLOWER POLICY

WHEREAS, in 2024, the Office of Management and Budget (OMB) issued new guidance for Federal awards. The new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (The "Super Circular", or "Uniform Guidance") required some major policy reforms which are effective now; and

WHEREAS, the two policies required by said guidance in order to be in compliance with the audit standards include a Sub-recipient Monitoring Policy and a Whistleblower Policy;

NOW THEREFORE BE IT RESOLVED, that the Nelson County Board of Supervisors does hereby approve the Sub-Recipient Monitoring Policy and Whistleblower Policy as presented and attached hereto.

Adopted: __________________

Attest: ___________________________, Clerk
Nelson County Board of Supervisors

September 11, 2026

MEMORANDUM

To: Board of Supervisors
From: Grace Mawyer, Director of Finance & Human Resources

Re: Proposed Subrecipient Monitoring Policy and Whistleblower Policy

Summary:

In 2024, the Office of Management and Budget (OMB) issued new guidance for Federal awards. The new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (The "Super Circular," or "Uniform Guidance") required some major policy reforms which are now effective. We currently have one grant utilizing Federal funds. This grant was selected for monitoring, and we were advised that Nelson County needs to have a Subrecipient Policy in place to be compliant with the grant requirements.

Additionally, another current grant utilizing State funds was selected for a Desk Review, which is a type of monitoring. We have been advised that the County needs to have a Whistleblower Protections Policy in place in order to be compliant with 41 USC §4712.

Resolution **R2026-76** is included with this correspondence to formally adopt the two proposed policies.

Impacts:

Administration of Grant Awards: None. The County currently adheres to these provisions in the administration of all of its Federal and State Grant Awards.

Policies and Procedures: If approved, these two policies will be incorporated into the County's policies and procedures. The Whistleblower Policy will be added as an Addendum to the Personnel Policies and Procedures Manual and distributed to all County employees.

Budgetary: None.

V B 1

Sub-recipients Monitoring Policy for The County of Nelson
Approved __________

The purpose of Sub-recipients Monitoring Policy for The County is to:

- Ensure compliance with 2 C.F.R. § 200.303 and 200.331
- Ensure sub recipients use grant funds in accordance with all federal and program guidelines.
- Oversee the day-to-day operations of sub recipients to ensure they achieve performance objectives on schedule and within budget.
- Ensure sub recipients' timely submission of all documents necessary to meet all reporting requirements of the awarding agency (financial and performance reports).
- Take the appropriate actions to get the sub recipient back on track, if problems arise.

<u>Pre-Award</u>

If applicable, there will be an announcement of the specific funding opportunities, eligibility requirements and the allotted timeframe to apply. Applications will be reviewed and assessed for each sub-recipient's eligibility for federal funding. This will include:

- Review will include: Applicant's eligibility or the quality of its application; Financial stability and quality of management system; History of performance; and Audit findings (if available).
- Ensuring the proposed sub recipient or contractor is not suspended or debarred by the federal government
- Ensuring the sub recipient or contractor agrees to the required data elements as listed in 2 C.F.R. § 200.331 (see Appendix E)
- Ensuring the sub recipient or contractor agrees to applicable federal special conditions of the grant award

<u>Post-Award</u>

Once selected, the sub-recipient or contractor will enter into a contract with The County. This contract will include elements laid out in 2 C.F.R. §200.331. The contract will include that the sub-recipient:

- Carry out program activities as stipulated in the subaward;
- Have adequate internal controls to protect federal funds;
- Claim reimbursement for costs that are allowable, reasonable, allocable, and necessary under program guidelines;
- Identify any conflicts of interest that exist; and
- Maintain required supporting documentation/records.

The County will perform a risk assessment of each sub recipient for noncompliance with federal statutes, regulations, and the terms and conditions of the subaward to determine the appropriate level of monitoring needed. Assessment will include:

General Assessment	**Legal Assessment**	**Financial Assessment**
• Award amount • Matching funds • New subrecipient • Budget modification requests	• Past suspension or debarment (**must** be considered) • Federal debt owed	• Delinquent reports • Recent audit opinion • Received financial reviews from other agencies

The sub-recipient will be monitored based on the risk level determined from assessment.

Monitoring Plan for Sub Recipients	
ALL	Monthly contact with sub-recipient on progress and barriers
LOW	Review of progress and financial reports
MED	Annual desk review
HIGH	Annual Site Visit

In preparation for desk reviews and site visits, The County will:

- Review Subrecipient's application for funding;
- Review written agreement with the subrecipient;
- Review Financial and progress reports;
- Review payments made to the subrecipient
- Copies of recent audit reports (if applicable)

Desk reviews and On site monitoring (site visits) will include:

1. Organizational structure
2. Fiscal Review (Chart of Accounts, Audits, etc)
3. Fiscal and Programmatic Policy and Procedure
4. Programmatic Review of funded activities including observation if applicable
5. Review of supporting documentation/records

Following any site visits, an exit interview will be held as well as a follow-up memo used to create a permanent record of those findings. This will include sub-recipient's success, if performing well, deficiencies and recommendations, if the sub-recipient is experiencing problems or failing to comply with federal requirements or program guidelines, and deadlines informing sub-recipients when a written response describing their proposed resolutions to any findings is due. This will be provided to the sub-recipient within 2 weeks of the site visit. A copy will be placed in the sub-recipient's file.

If a sub-recipient does not comply with federal statutes, regulations or the terms and conditions of the subaward, the pass-through entity may impose additional conditions such as:

- Requiring payments as reimbursements rather than advance payments;
- Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
- Requiring additional, more detailed financial reports;
- Requiring additional project monitoring;
- Requiring the non-Federal entity to obtain technical or management assistance; or
- Establishing additional prior approvals.

- The Federal awarding agency or pass-through entity must notify the applicant or non-Federal entity as to:
    - The nature of the additional requirements;
    - The reason why the additional requirements are being imposed;
    - The nature of the action needed to remove the additional requirement, if applicable;
    - The time allowed for completing the actions if applicable, and
    - The method for requesting reconsideration of the additional requirements imposed.
- Any specific conditions must be promptly removed once the conditions that prompted them have been corrected.

If noncompliance cannot be remedied by imposing additional conditions one or more of the following actions may be taken:

- Temporarily withhold funds pending correction of the deficiency;
- Disallow all or part of the activity not in compliance;
- Wholly or partly suspend or terminate the subaward;
- Initiate suspension or debarment;
- Withhold future subawards; or
- Other legal remedies that may be available

Post Award Closeout Process

The County will close out the subaward when all applicable administrative actions and all grant related work have been completed. The subrecipient will be required to submit all financial, performance, and other reports to the pass-through entity within a specified time after the end date of the subaward's period of performance. The County will make prompt payments to subrecipients for allowable and authorized reimbursable costs charged to the federal award.

Policy effective date: _______

Whistleblower Policy

A whistleblower as defined by this policy is an employee of Nelson County who reports an activity that the employee considers to be illegal or dishonest to one or more of the parties specified in this policy. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

Examples of illegal or dishonest activities are violations of federal, state or local laws; billing for services not performed or for goods not delivered; and other fraudulent financial reporting.

If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee is to contact his/her immediate supervisor or the Human Resources Director. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination.

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. Nelson County will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes they are being retaliated against must contact the Human Resources Director immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.

Defend Trade Secrets Act (DTSA) Compliance: "Immunity from Liability for Confidential Disclosure of a Trade Secret to the Government or in a Court Filing:

> (1) Immunity—An individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
>
> (2) Use of Trade Secret Information in Anti-Retaliation Lawsuit—An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual—(A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order."

All reports of illegal and dishonest activities will be promptly submitted to the Human Resources Director who is responsible for investigating and coordinating corrective action.

Employees with any questions regarding this policy should contact the Director of Human Resources.

V C

DEFERRED

ORDINANCE O2026-03
NELSON COUNTY BOARD OF SUPERVISORS
AMENDMENT OF THE CODE OF NELSON COUNTY, VIRGINIA
CHAPTER 4, BUILDINGS, ARTICLE II, BUILDING CODE
SECTION 4-29 FEE SCHEDULES

BE IT HEREBY ORDAINED, by the Nelson County Board of Supervisors, that the Code of Nelson County, Virginia, Chapter 4, Buildings, Article II Building Code, Section 4-29 is hereby amended as follows:

Amend

Sec. 4-29. Fee schedules.

No permit to begin work for new construction, demolition, alteration or other building operation shall be issued, nor shall any application to the board of building code appeals be accepted, until the fees, as established by resolution of the board of supervisors, ~~has~~ ***have*** been paid to the county by the applicant. (Schedule for permit fees~~, twenty-five dollars ($25.00) minimum and five dollars ($5.00)~~ ***are as follows: A flat fee of seventy-five dollars ($75.00) per permit, for any permit listed within this section, or not listed, but deemed necessary by the Building Code Official to be issued. An additional fee of six dollars ($6.00)*** per one thousand dollars ($1,000.00) ***of the proposed value of work*** thereafter. ***Annually updated building valuation data averages of cost to build will be taken into consideration during the review of the reported proposed value of work by applicant.***)

(1) ~~Fee of twenty-five dollars ($25.00) minimum for each plumbing, mechanical or electrical permit where such inspection is required under the Virginia Uniform Statewide Building Code and no building permit has been issued or the building permit fee is less than one hundred dollars ($100.00).~~ ***A flat fee of seventy-five dollars ($75.00), for any permit related to plumbing, mechanical, electrical, gas, or any other applicable trade or related work where a permit and/or inspections is/are required under the Virginia Uniform Statewide Building Code, Code of Federal Regulations, or other applicable codes deemed necessary by the Building Code Official.***

In addition to the flat fee of $75.00, a fee of six dollars ($6.00) per one thousand dollars ($1,000.00), or fraction thereof, of the proposed value of work.

For example, for a project with a proposed value of $10,000.00, the permit fee is calculated as follows:

i. ***Flat fee of $75.00***
ii. ***Value based fee: $6.00 x 10 ($6.00 for each $1,000 and fraction thereof of proposed value) = $60.00***
iii. ***Total Permit Fee: $135.00***

(2) ~~Fee of twenty-five dollars ($25.00) minimum~~ ***A flat fee of seventy-five dollars ($75.00)*** for each demolition permit for demolishing any building or structure. ***An additional fee of six dollars ($6.00) per one thousand dollars ($1,000.00) of the proposed value of work thereafter.***

(3) ~~Twenty-five dollars ($25.00)~~ ***Seventy-five ($75.00)*** minimum fee for signs, billboards and other display structures for which permits are required under provisions of the Virginia Uniform Statewide Building Code and in accordance with the local zoning ordinance. ***An additional fee of six dollars ($6.00) per one thousand dollars ($1,000.00) of the proposed value of work thereafter.***

(4) There will be a fee of ~~twenty-five dollars ($25.00)~~ ***seventy-five ($75.00)*** for any special use permit when it is required by the local zoning ordinance or state statutes.

(5) ~~Fee for mobile homes shall be one hundred fifty dollars ($150.00) for single wides and one hundred seventy-five dollars ($175.00) for double wides.~~ ***Fee for manufactured homes: A flat fee of seventy-five dollars ($75.00), for any permit related to plumbing, mechanical, electrical, gas, or any other applicable trade or related work where a permit and/or inspections is/are required under the Virginia Uniform Statewide Building Code, Code of Federal Regulations, or other applicable codes deemed necessary by the Building Code Official. An additional fee of six dollars ($6.00) per one thousand dollars ($1,000.00) thereafter.***

(6) ~~Twenty-five dollars ($25.00)~~ ***Seventy-five ($75.00)*** minimum fee for a building permit for the removal of a building or structure from one (1) lot to another or to a new location on the same lot, ~~or five dollars ($5.00)~~ ***and six dollars ($6.00)*** per one thousand dollars ($1,000.00) of the estimated cost of moving plus the cost of the new foundation and all work necessary to place the building or structure in its completed condition in the new location, whichever is greater. ***Other applicable trade fees will also apply*** (Refer to Statewide Uniform ***Statewide*** Building Code.)

(7) When additional inspections are necessary, due to the failure of the contractor or builder to comply with the requirements of this Code or any other local ordinances, an additional fee of ~~twenty-five dollars ($25.00)~~ ***seventy-five ($75.00)*** for each such trip shall be paid. ***Not being "ready" for an inspection after scheduling that inspection will be cause for a re-inspection fee after the first failed inspection. Nelson County does not offer specific times of when inspectors will be on site unless absolutely necessary. The Building Code Official and/or Inspectors shall deem what is necessary. Contractors shall be "ready" prior to inspector's arrival any time between 8 a.m. to 4 p.m. on the day of the requested inspection. Contractors are not required to be on site at the time of the inspection. However, safe and easy access to the inspection is absolutely necessary. Locked gates, door, etc., without a key or code given prior to the inspection, will be deemed no access and require a re-inspection fee.***

(8) Seventy-five dollars ($75.00) for the installation of any onsite sewage disposal system. The fee is in addition to any fee required by the Virginia Department of Health for such installation. The owner of each property in the county shall obtain a county permit from Nelson County prior to the construction, installation, modification or operation of a sewage system for which a permit is required by the Virginia Department of Health. Such county permit issued by Nelson County shall be issued jointly with and upon the same terms as, the permit issued by the Virginia Department of Health.

Any applicant who shall be exempt from the payment of fees for the issuance of a permit for such system by the Virginia Department of Health shall likewise be exempt from the payment of any fee hereunder. Any applicant denied a construction permit based upon the regulations of the Virginia Department of Health governing such construction and eligible for refund of the state application fee shall be eligible for refund of the county application fee upon the same terms.

(9) Twenty-five dollars ($25.00) for the construction of a private water well. The fee is in addition to any fee required by the Virginia Department of Health for such construction. The owner of each property in the county shall obtain a county permit from Nelson County prior to construction of any private water well for which a permit is required by the Virginia Department of Health. Such county permit issued by Nelson County shall be issued jointly with, and upon the same terms as, the permit issued by the Virginia Department of Health.

Any applicant who shall be exempt from the payment of fees for the issuance of a permit for such system by the Virginia Department of Health shall likewise be exempt from the payment of any fee hereunder. Any applicant denied a construction permit based upon the regulations of the Virginia Department of Health governing such construction and eligible for refund of the state application fee shall be eligible for refund of the county application fee upon the same terms.

(10) ~~To all permit fees there shall be added such state levy as may be effective at the time the fee is charged.~~ ***Any necessary issuances of Stop Work Orders, working without a permit, or other notable violations: one hundred dollars ($100.00) per violation, plus fifty dollars ($50.00) per necessary correlating site visit.***

(11) Temporary Certificate of Occupancy: one hundred fifty dollars ($150.00) issuance fee and one hundred fifty ($150.00) per month thereafter.

(12) Plan Amendment: Minimum fifty dollars ($50.00); additional fees may be added depending on the time involved to accomplish the amendment.

(13) Cancelled Permit Fee (Cost shall be at the discretion of the Building Code Official based on the amount of time spent on permit processing, plan review, etc.) No less than seventy-five dollars ($75.00).

(14) To all permit fees there shall be added such state levy as may be effective at the time the fee is charged.

(Ord. of 5-11-76; Res. of 9-9-86(1); Ord. of 10-14-97; Ord. of 12-9-97; Ord. of 12-14-99; Ord. of 12-9-03)

BE IT FURTHER ORDAINED, by the Nelson County Board of Supervisors that this Ordinance becomes effective January 1, 2027.

Adopted: ___________________

Attest: _______________________________, Clerk
Nelson County Board of Supervisors

Nelson County Building Inspections – Permit Fee Comparison

Current Annual Operating Cost: $433,366.00

Five-Part Annual Revenue Comparison

Scenario	Average Annual Revenue	Increase vs. Current	Percent Increase
1. Current average annual revenue	$358,000.00	$0.00	0%
2. $6 per $1,000 of value	$429,600.00	$71,600.00	20%
3. $6/$1,000 + $100 Minimum for All Permits ≤ $16,675	$449,905.00	$91,905.00	26%

Four-Year Permit Detail

Fiscal Year	Total Permits	Permits ≤ $16,675	Recorded Fees ≤ $16,675
FY2022	704	389	$20,310.53
FY2023	692	370	$15,075.99
FY2024	586	347	$10,657.23
FY2025	662	389	$21,652.33

Methodology Notes

- Current baseline is the four-year average annual revenue supplied for the analysis: $358,000.
- Average annual permit volume supplied: 650 permits.
- The $6/$1,000 scenario is modeled as a 20% increase over the $358,000 baseline.
- The $100 scenario applies $100 to every permit with reported value of work ≤ $16,675.
- These comparisons use nominal permit fees and do not separately add the 2% state levy.

V D

ENERGY STORAGE PROJECT SITING AGREEMENT

This Energy Storage Project Siting Agreement ("Agreement"), dated as of November 24, 2025 ("Effective Date"), is by and between Nelson County, VA, a municipal corporation of the Commonwealth of Virginia ("County") and Colleen VA BESS 1 LLC, a Delaware limited liability company ("Applicant"). The County and Applicant are herein each a "Party" and collectively, the "Parties".

RECITALS

A. The Applicant has a right to lease certain parcels of land in the County consisting of 0.75 acres, identified as GPIN(s) 66-A-36, and more fully described on the Concept Plan attached hereto as **Exhibit A** (collectively, "Property").

B. The Applicant intends to develop, install, build, and operate an energy storage project, as defined by Virginia Code Section 15.2-2316.6, with an aggregate energy capacity of 4 MW on the Property ("Project").

C. Applicant and Central Virginia Electrical Cooperative ("CVEC") have entered into (i) that certain Energy Storage Services Agreement dated on or about the date hereof ("ESSA") for the performance by Applicant of certain energy storage services for the benefit of CVEC, (ii) that certain Lease Agreement ("Lease Agreement"), as evidenced by the Memorandum of Lease attached as **Exhibit D**, granting Applicant the right to use the Property for the development, construction and operation of the Project and the performance of services pursuant to the ESSA, and (iii) that certain Interconnection Agreement for Battery Energy Storage Facility (the "Interconnection Agreement") for the interconnection of the Project to the CVEC's distribution grid; and

D. Pursuant to Title 15.2, Chapter 22, Article 7.3 of the Code of Virginia, titled "Siting of Solar Projects and Energy Storage Projects," the Applicant and the County may enter into a siting agreement ("Siting Agreement") for an energy storage project as such term is defined by Virginia Code § 15.2-2316.6.

E. Pursuant to Virginia Code § 15.2-2316.7, the Project is eligible for a Siting Agreement as it will contain energy storage facilities as described therein.

F. On March 25th, 2025, the Applicant gave written notice to the County pursuant to Virginia Code § 15.2-2316.7(A) of Applicant's intent to locate the Project in the County and requested a meeting to discuss and negotiate a Siting Agreement.

G. After negotiation between the County and the Applicant, the Parties desire to enter into this Agreement so the Applicant can make a voluntary payment to the County above and beyond its tax obligations ("Capital Payment"), as a meaningful way to be a community partner, and to mitigate certain potential impacts of the Project, and to provide financial compensation to the County to address capital needs set out in (a) the County's capital improvement plan, (b) the County's current fiscal budget, or (c) the County's fiscal fund balance policy; and to help the County achieve its goals toward deployment of broadband, all as permitted by Virginia Code § 15.2-2316.7(B).

H. Pursuant to Virginia Code § 58.1-3660, the energy storage facilities associated with the Project, which are considered "certified pollution control equipment," are subject to local taxation as provided by state law but are partially exempt from local taxation pursuant to Article X, Section 6(d) of the Constitution of Virginia ("Tax Exemption"). The Tax Exemption relates to personal property (or machinery and tools) taxes on the energy storage facilities only and does not affect the County's right to collect real estate taxes for the Property. In addition to its real estate tax obligations, which are not affected by this Agreement, the Applicant has agreed to make the Capital Payment set out in **Exhibit B** in order to mitigate the impacts of the Project and for the other reasons stated in Virginia Code § 15.2-2316.7.

I. Pursuant to Virginia Code § 15.2-2316.8(B), the County has held a public hearing in accordance with subsection A of Virginia Code § 15.2-2204 for the purpose of considering this Agreement, after which a majority of a quorum of the members of the Nelson County Board of Supervisors ("Board of Supervisors") approved this Agreement.

NOW, THEREFORE, pursuant to Title 15.2, Chapter 22, Article 7.3 of the Code of Virginia, intending to be legally bound hereby and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the County and Applicant hereby agree as follows:

Article I
Project Features, Conditions, Valuation, Enforcement, and Mitigation

1. **Project Features.** The Project will be composed of an energy storage project with an aggregate power capacity of 4 MW. The energy storage facilities are expected to consist of 4 units approximately twenty (20) ft in length, eight (8) ft in width and nine and a half (9.5) ft in height and require a foundation. The energy storage facilities will consist of Lithium-ion batteries (or their functional equivalent) with off-site monitoring capabilities.

2. **Conformance with the Comprehensive Plan.** Upon approval of this Agreement by the County and in accordance with Virginia Code § 15.2-2316.9(C), the Project shall be deemed to be "substantially in accord" with the Nelson County Comprehensive Plan.

3. **Federal and State Approvals.** County shall cooperate with Applicant in obtaining any state or federal approvals required by law; provided, that such cooperation shall not include County being an applicant or co-applicant for any such approval in the absence of specific authorization by the Board of Supervisors.

4. **Annual Valuation of Real Property.** Applicant agrees to provide County and the Commissioner of Revenue ("Assessor") with current copies of any real property lease agreements for the Property associated with the Project. Applicant may identify any information deemed confidential tax information or proprietary/trade secrets and may request that it be maintained by the County in a confidential basis for that reason, and that the Nelson

County Commissioner of the Revenue ("Commissioner") accord it protection in accordance with Virginia Code §58.1-3. However, for any such leases, Applicant shall at the minimum provide the annual lease payment amounts for each parcel being leased for the Project. Thereafter, should the payment terms be amended in any such lease agreements, the Applicant shall forthwith provide such information to the County and the Assessor. Applicant further agrees to include as a condition in any agreements transferring ownership of the Project entered into by Applicant a requirement that any successor in interest shall provide such information to the County and the Assessor.

5. **Annual Valuation of Taxable Equipment; Updates.** "Commercial Operation" and "Commercial Operation Date" means "Commercial Operation" and "Commercial Operation Date" as defined under the ESSA. Prior to Commercial Operation Date, Applicant agrees to provide County and the Commissioner with a detailed list of capital equipment, including but not limited to (1) all equipment related to any proposed energy storage facilities, and (2) all other taxable tangible property. Thereafter, on an annual basis no later than January 1 or such other date as the County may prescribe, Applicant shall provide County and the Commissioner with any updates to this information, including but not limited to all new or replacement equipment. The Applicant agrees to provide the County and the Commissioner all information it may in the future provide to the Virginia State Corporation Commission for the Commission's use in valuing such property for taxation purposes. In addition, prior to the Commercial Operation Date, the Applicant shall provide to the County and the Commissioner proof of payment for all components of the Project installed prior to the Commercial Operation Date. Applicant shall provide to the County and the Commissioner proof of payment for any additional or replacement component installed during the life of the Project, which proof shall be updated annually on or before the anniversary of the Commercial Operation Date. If no such component is installed in any given year, notice of such shall be provided to the County and the Commissioner on or before the anniversary of the Commercial Operation Date. Applicant shall fully cooperate with the Commissioner's requests for inspection or other site visits to confirm or otherwise assess information the Applicant provides to the County and Commissioner.

6. **Decommissioning**. Unless the Applicant has elected to abandon the Project in place following a termination of the ESSA arising out of a default by the County as described in Section 11(B)(ii) of the ESSA, Applicant shall remove and decommission the Project in accordance with Section 3.4 of the Lease. Pursuant to Section 3.4 of the Lease, Applicant shall have six (6) months following the expiration of the Lease or the earlier termination of the Lease during which to decommission and remove the Project from the leased area of the Property. During the decommissioning term, Applicant shall restore and landscape the lease area of the Property to substantially their condition as they existed immediately prior to the Effective Date.

7. **Right of Entry for Enforcement.** Applicant and the County acknowledge and agree that the County, its personnel and duly authorized agents shall have the express right of entry upon the Project parcels for the purposes of inspecting energy storage facilities and all appurtenant facilities. For non-emergency access, which shall be limited to the hours of 8am

to 5pm, Monday through Friday, the County shall provide the Applicant with reasonable advance written notice of no less than forty-eight (48) hours, in any event, prior to making such entry for any inspection or enforcement purposes. No prior notice shall be required to enter the Project in the event of an emergency that constitutes an immediate danger to life or property. Notwithstanding the foregoing, the County agrees to comply with Applicant's site safety and health requirements when accessing the Project.

Article II
Capital Payment

1. **Capital Payment.** Upon site plan approval, the Applicant shall make a Capital Payment to the County as set forth in **Exhibit B** attached hereto in the amount stated therein. The Parties acknowledge that, except as otherwise provided herein, the Applicant's obligation to make the Capital Payment shall be conditioned upon the Project receiving final site plan approval.

2. **Statutory Structure of Capital Payment; Statement of Benefit.** The Applicant agrees that by entering into this Agreement, pursuant to Virginia Code § 15.2-2316.6 et seq., the Capital Payment is authorized by statute, and it acknowledges that it is bound by law to make the Capital Payment in accordance with this Agreement. The Parties acknowledge that this Agreement is fair and mutually beneficial to them both. The Applicant acknowledges that this Agreement is beneficial to Applicant in allowing it to proceed with the installation of the Project with clear project design terms, which provide for mitigation of effects on the surrounding properties and the Arrington community. Additionally, the Applicant acknowledges that this Agreement provides for a clear and predictable payment to the County in an amount fair to both Parties.

3. **Real Estate and Machinery and Tools Taxes.** The Capital Payment is separate and distinct from any amounts that are or will be owed by the Applicant to the County for real estate tax, machinery and tools tax, or for any other tax or financial obligations. The Capital Payment shall be in addition to any other tax or financial obligations that may be applicable to the Project or the Applicant. Without limiting the foregoing, nothing in this Agreement shall limit the application of the Code to the Project.

4. **Use of Capital Payment by the County.** The County shall use the Capital Payment as permitted under Virginia Code § 15.2-2316.7(B) or as otherwise permitted by law.

5. **Effect of Agreement.** This Agreement shall be binding upon the County pursuant to Virginia Code § 15.2-2316.8(A)(3). This Agreement is expressly conditioned upon the County's approval of a site plan for the Project in accordance with the Code. If such approvals are not granted, this Agreement shall be void.

Article III
Emergency Response Training

1. **Emergency Resources.** The Applicant will pay directly for any specialized

training the County and the Applicant mutually determine is necessary to prepare for responding to a fire or similar event at the Project. Such training is to be provided by a fire safety expert and include at a minimum Emergency Response Training and an Emergency Response Plan. In regard to the Emergency Response Plan, Applicant is working with the local fire department on the creation and implementation of the Emergency Response Plan.

Article IV
Compliance, Permits and Approvals

1. Compliance. The Applicant will develop, install, build, operate, and decommission the Project in compliance with all applicable federal, state, and local laws, regulations, ordinances, licenses, approvals, and permits. In the event that the Applicant is notified of any violation at the Project of any applicable federal, state or local laws, regulations, ordinances, licenses, approvals, and permits, the Applicant shall (a) notify the County of said violation within ten (10) business days, (b) diligently cooperate with the applicable regulatory agency, and (c) take all reasonable and necessary actions to attempt to cure the violation.

2. Approvals. If the Applicant elects to develop, install, build, and operate the Project, the Applicant will apply to all applicable federal, state, and local regulating authorities and will seek to obtain all required licenses, approvals, and permits for the Project. The Applicant agrees that all activities associated with the Project shall be in accordance with the terms of this Agreement, the Code, all other applicable building and zoning regulations, and all other applicable federal, state, and local laws, ordinances, and regulations.

3. Cooperation. As part of the consideration for this Agreement, the County will cooperate fully with the Applicant's efforts to obtain licenses, approvals, and permits as required by federal, state, and local laws, regulations, and ordinances authorizing the Project construction and/or operation, including, but not limited to, the performance of infrastructure studies, traffic studies, environmental studies, and the collection and analysis of other information necessary for those licenses, approvals, and permits. The County will make available to the Applicant, upon request, access to all records and data in its possession or control pertaining to the Project that are not otherwise required to be confidential by law, or subject to attorney-client privilege or other applicable legal privilege or confidentiality requirement. The County will use its best efforts to support and cooperate with the Applicant's efforts to obtain necessary licenses, approvals, and permits, including any necessary amendments thereto, for the Project construction, and for the Project's operation, and will process requests for permits and other approvals required by County ordinances. The County will take no action intended to frustrate or prevent the Applicant from receiving and maintaining any license, approval, or permit that is consistent with the applicable ordinances and zoning. Provided however, nothing herein shall be construed to require the County or the Board of Supervisors to undertake any action not authorized by law or to exercise any legislative function in favor of the Applicant.

4. Construction. Site construction shall be in accordance with all licenses, approvals, and permits.

Article V
Miscellaneous Terms

1. Term; Termination. This Agreement shall commence on the Effective Date and shall expire upon the expiration of all of the ESSA, the Lease and the Interconnection Agreement. The occurrence of the Termination Date shall not limit the Applicant's legal obligation to pay local taxes in accordance with applicable law.

2. Mutual Covenants. The Applicant covenants to the County that it will pay the County the amounts due hereunder when due in accordance with the terms of this Agreement, and will not seek to invalidate this Agreement, or otherwise take a position adverse to the purpose or validity of this Agreement. So long as Applicant is not in breach of this Agreement during its term, the County covenants to the Applicant that it will not seek to invalidate this Agreement or otherwise take a position adverse to the purpose or validity of this Agreement. If after twenty (20) years from the Commercial Operation Date a Termination Date has not occurred, then the Parties covenant to discuss in good faith any ongoing impacts of the Project that need additional mitigation and the acceptable forms of mitigation, including evaluation of additional compensation.

3. No Obligation to Develop. The Applicant has no obligation to develop the Project. It is understood that development of the Project by Applicant is contingent upon a number of factors including, but not limited to, regulatory approvals, availability and cost of equipment and financing, and demand for renewable energy and renewable energy credits. No election by the Applicant to terminate, defer, suspend or modify plans to develop the Project shall be deemed a default of Applicant under this Agreement. Any Capital Payment by the Applicant prior to a decision to suspend or abandon the Project is non-refundable.

4. Successors and Assigns. This Agreement will be binding upon the assigns and successors in interest of the Applicant, and the obligations created hereunder shall be covenants running with the Property upon which the Project is developed. No assignment of this Agreement or any right or obligation accruing under this Agreement shall be made by the Applicant without the express written consent of the County, which consent shall not be unreasonably withheld or delayed. Any assignment, other than as permitted by this Section, without the consent of the County, shall be void. In the event of any approved assignment, the assignee or successor in interest shall assume the liabilities of the Applicant. For the purpose of this Section, an assignment shall occur if the Applicant sells, transfers, leases or assigns all or substantially all of its interest in the Project or the ownership of the Applicant to another individual or entity. The Applicant and any permitted assignee or successor in interest shall execute such documentation as reasonably requested by the County to memorialize the assignment and assumption by the assignee or successor in interest.

5. Memorandum of Agreement. A memorandum of this Agreement, in a form acceptable to the County Attorney, shall be recorded in the land records of the Clerk's Office of the Nelson County Circuit Court. Such recordation shall be at the Applicant's sole cost and expense and shall occur as soon as reasonably practicable after the full execution of this Agreement. If the Applicant chooses not to develop the Project, in its sole discretion, the

County shall execute a release of the memorandum filed in the aforementioned Clerk's Office.

6. Notices. Except as otherwise provided herein, all notices required to be given or authorized to be given pursuant to this Agreement shall be in writing and shall be delivered or sent by (1) registered or certified mail, postage prepaid, (2) recognized commercial shipping company, or (3) commercial courier to:

COUNTY

County of Nelson
84 Courthouse Square,
P.O. Box 336
Lovingston, VA 22949
Attn: Candice W. McGarry

APPLICANT

Colleen VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd, 25th Floor
Arlington, VA 22209
Attn: Rory Jones and Michael Herbert

Copy to:
Delorean Power LLC dba Lightshift Energy
1201 Wilson Boulevard, 25th Floor
Arlington, Virginia 22209
Attn: General Counsel

The County and the Applicant, by notice given hereunder, may designate in writing any further or different persons or addresses to which subsequent notices shall be sent without need of a formal amendment to this Agreement. All notices provided as contemplated hereunder shall be deemed received after five (5) calendar days have passed from their mailing/sending date.

7. Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any of its principles of conflicts of laws or other laws which would result in the application of the laws of another jurisdiction. The Parties (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this agreement shall be brought and tried only in the Circuit Court or General District Court of Nelson County, VA, as jurisdiction may lie, (b) consent to the jurisdiction of such court in any such suit, action or proceeding, and (c) waive (1) any objection which any of them may have to the laying of venue or any such suit, action, or proceeding in such court and (2) any claim that any such suit, action, or proceeding has been brought in an inconvenient forum. The Parties agree that a final judgment in any such suit, action, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

8. Confidentiality. This Agreement is a public document, subject to production under the Virginia Freedom of Information Act ("FOIA"). The County understands and acknowledges the Applicant, and as applicable, their associates, contractors, partners and affiliates utilize confidential and proprietary "state-of-the-art" information and data in their operations ("Confidential Information"), and that disclosure of any information, including, but not limited to, disclosures of technical, financial or other information concerning the Applicant or any affiliated entity could result in substantial harm to them and could thereby have a significant detrimental impact on their employees and also upon the County. The County acknowledges that during the development of this Agreement, certain Confidential Information may be shared with the County by the Applicant. **Applicant agrees to clearly identify any information it deems to be confidential and not subject to mandatory disclosure under the Virginia Freedom of Information Act or other applicable law as Confidential Information at the time it provides such information to the County.** The County agrees that, except as required by law and pursuant to the County's police powers, neither the County nor any employee, agent or contractor of the County will knowingly or intentionally disclose or otherwise divulge any such Confidential Information to any person, firm, governmental body or agency, or any other entity unless the request for Confidential Information is made under a provision of local, state or federal law. Upon receipt of such request but before transmitting any documents or information which may contain Confidential Information, the County will contact Applicant to review the request for information and associated documents to determine if any Confidential Information is at risk of disclosure. If Confidential Information exists, Applicant may intervene on behalf of the County and defend against disclosure of the Confidential Information. The County agrees to cooperate in this defense and to the extent allowed by law, work to protect the Confidential Information of the Applicant.

9. Severability; Invalidity Clause. Any provision of this Agreement that conflicts with applicable law or is held to be void or unenforceable shall be ineffective to the extent of such conflict, voidness or unenforceability without invalidating the remaining provisions hereof, which remaining provisions shall be enforceable to the fullest extent permitted under applicable law. If, for any reason, including a change in applicable law, it is ever determined by any court or governmental authority of competent jurisdiction that this Agreement is invalid then the parties shall, subject to any necessary Board of Supervisors meeting vote or procedures, undertake reasonable efforts to amend and or reauthorize this Agreement so as to render the invalid provisions herein lawful, valid and enforceable. If the Parties are unable to do so, this Agreement shall terminate as of the date of such determination of invalidity. The Parties will cooperate with each other and use reasonable efforts to defend against and contest any challenge to this Agreement by a third party.

10. Entire Agreement. This Agreement and its exhibits constitute the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. No provision of this Agreement can be modified, altered or amended except in a writing executed by the Parties. All exhibits to this Agreement are expressly incorporated into this Agreement by reference.

11. Construction. This Agreement was drafted with input by the County and the

Applicant, and no presumption shall exist against any Party.

12. Insurance. The Applicant will obtain and maintain all insurance coverage required by applicable law. Pursuant to Section 14.1 of the ESSA, Applicant shall obtain and maintain the insurance coverages attached hereto as **Exhibit C**.

13. Default.

a. In the event of a default under this Agreement, if a Party has not cured, as described by this Agreement, its default after thirty (30) days of receiving written notice of the default from the non-defaulting Party, the non-defaulting Party shall have the right, but not the obligation, to cure such default and to charge the defaulting Party for the cost of curing such default, including the right to offset said costs of curing the default against any sums due or which become due to the defaulting Party under this Agreement. Such non-defaulting Party shall, in its reasonable judgment, attempt to use the most economically reasonable method of curing any such default.

b. This Agreement may be terminated by the County in the event of a material breach of this Agreement by the Applicant that has not been cured within sixty (60) days of written notice thereof being received by the Applicant. If the Applicant initiates a cure within such period and continues to diligently pursue such cure to completion, the Agreement shall not terminate. A material breach shall mean a failure to comply with (1) any of the provisions of this Agreement, (2) the permits and approvals under which the Project will be operated or built, or (3) applicable federal, state laws or local laws, regulations, ordinances, licenses, approvals, and permits. A material breach shall also include the insolvency of the Applicant or its assignee or successor in interest, such insolvency to be established by the filing of either a voluntary petition in bankruptcy showing the Applicant as the debtor or an involuntary petition that is not dismissed within one hundred eighty (180) days of its filing, a written admission of inability to pay its bills as they come due, entry of receivership, trusteeship, composition, or similar arrangement, or a general assignment for the benefit of creditors. Provided, however, the Applicant's complying or taking action consistent with any governmental or regulatory warning letter, notice of violation, or plan of action shall be deemed a cure if the compliance or the action is initiated by the Applicant within sixty (60) days of the Applicant receiving the warning letter, notice of violation, or action plan. The Applicant's failure after receiving written notice to resolve as soon as practically possible, a material breach that state or federal authorities determine threatens the safety of the public or threatens to cause material environmental damage, shall entitle the County to terminate this Agreement effective immediately upon the Applicant's failure to act as soon as practically possible. Further, the County may terminate this Agreement effective immediately if the Applicant fails to pay an amount due under this Agreement within thirty (30) days of receiving the County's written notice of the failure to pay.

c. In the event of a breach and the appropriate notice thereof to the Applicant by the County, the cure periods noted above may be extended at the sole discretion of the County without the County waiving its right to terminate the Agreement at any time prior to the cure being made by the Applicant.

d. If the County terminates this Agreement as provided herein, the Applicant shall cease operations at the Project and commence decommissioning the Project in accordance with Section 3.4 of the Lease.

e. If the County or the Applicant files a lawsuit, counterclaim, or cross-claim to enforce any provision of this Agreement, the prevailing Party is entitled to all reasonable attorneys' fees, litigation expenses, and court costs.

14. Force Majeure.

A. "Force Majeure Event" means the occurrence of:

(i) an act of war (whether declared or not), hostilities, invasion, act of foreign enemies, terrorism or civil disorder;

(ii) a strike or strikes or other industrial action or blockade or embargo or any other form of civil disturbance (whether lawful or not), in each case affecting on a general basis the industry related to the construction, operation, or maintenance of energy storage facilities and which is not attributable to any unreasonable action or inaction on the part of Applicant or any of its subcontractors or suppliers and the settlement of which is beyond the reasonable control of all such persons;

(iii) specific incidents of typhoons, tornadoes, named storms, flood, drought, lightning, windstorm, unusually adverse weather conditions or other natural catastrophe;

(iv) tempest, earthquake, or any other natural disaster of overwhelming proportions; disruption of operations resulting from any plane crashing into the energy storage facilities to the extent that all or a substantial portion thereof is unable to operate sufficient to meet Applicant's payment obligations hereunder;

(v) discontinuation of electricity supply, or unanticipated termination of a power purchase agreement;

(vi) other unforeseeable circumstances beyond the control of the Parties against which it would have been unreasonable for the affected party to take precautions and which the affected party cannot avoid even by using its best efforts, including quarantines ordered by competent governmental authority in the event of a public health emergency, which in each case directly causes either party to be unable to comply with all or a material part of its obligations under this Agreement.

B. Neither Party will be in breach of its obligations under this Agreement or incur any liability to the other Party for any losses or damages of any nature whatsoever incurred or suffered by that other (otherwise than under any express indemnity in this Agreement) if and to the extent it is prevented from carrying out those obligations by, or such losses or damages are caused by, a Force Majeure Event except to the extent that the relevant breach of its obligations would have occurred, or the relevant losses or damages would have arisen, even if the Force Majeure Event had not occurred.

C. As soon as reasonably practicable following the date of commencement of a Force Majeure Event, and within a reasonable time following the date of termination of a Force Majeure Event, any Party invoking it will submit to the other Party reasonable proof of the nature of the Force Majeure Event and of its effect upon the performance of the Party's obligations under this Agreement.

D. Applicant will, and will ensure that its Subcontractors will, at all times take all reasonable steps within their respective powers and consistent with Good Operating Practices (but without incurring unreasonable additional costs) to:

(i) prevent Force Majeure Events affecting the performance of Applicant's obligations under this Agreement;

(ii) mitigate the effect of any Force Majeure Event; and

(iii) comply with its obligations under this Agreement.

E. The Parties will consult together in relation to the above matters following the occurrence of a Force Majeure Event.

F. Should paragraph 14.A. apply as a result of a single Force Majeure Event for a continuous period of more than three hundred sixty-five (365) days then the parties must endeavor to agree to any modifications to this Agreement that are equitable having regard to the nature of the ability of Applicant to continue to meet its financial obligations to the County.

G. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.

15. Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their respective successors and permitted assigns, and no other person shall have any right, benefit, priority or interest in, under or because of the existence of, this Agreement.

16. Counterparts; Electronic Signatures. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail/PDF or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

17. Recitals and Exhibits. The above stated recitals and previously described exhibits are expressly incorporated herein by reference.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by the officers whose names appear below as of the Effective Date.

COLLEEN VA BESS 1 LLC

By: ______________________

Name: Michael Herbert

Title: Authorized Signatory

NELSON COUNTY, VIRGINIA

By: Candice W. McGarry

Name: Candice W. McGarry

Title: County Administrator

Approved as to form:

By: ______________________, BOARD CHAIR

County Attorney or designee

Exhibit A
Concept Plan

Exhibit B
Capital Payment

Capital Payment to County: A one-time payment of Eight Thousand and 00/100 Dollars ($8,000) to be paid to the County by Applicant within thirty (30) days of the Commercial Operations Date. Tenant shall make a Ten Thousand and 00/100 Dollar ($10,000.00) payment to a community organization/agency of choice upon ribbon cutting of the Project.

Exhibit C
Insurance Coverage

During the Term, Applicant shall (or shall require its contractors to) maintain the following coverages with limits not less than the following amounts with a company or companies licensed or qualified to do business in the State where the Project is located:

1) Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury, property damage (including loss of use thereof), and sudden and accidental pollution arising out of Applicant's operations of the Project with limits of liability not less than the following (provided that such limits may be reached through any combination of primary and excess and/or umbrella coverages): $1,000,000 each occurrence, and $1,000,000 general aggregate;

2) Property Insurance covering loss or damage to the Project, which shall be written on an "all risks" of direct physical loss or damage basis for the full replacement cost value (except for coverages sub-limited under this policy). Coverage shall include fire and other peril including, but not limited to, vandalism and malicious mischief, theft, and explosion;

3) To the extent Applicant has any employees, (a) Employer's Liability Insurance with limits of liability no less than the following (provided that such limits may be reached through any combination of primary and excess and/or umbrella coverages): $1,000,000 each accident, $1,000,000 disease for each employee, and $1,000,000 disease-policy limit, and (b) Worker's Compensation Insurance to the extent required by Applicable Law; and

4) Applicant shall provide the County with additional insured status on all policies required herein except Worker's Compensation/ Employer's Liability. Applicant hereby waives all rights and claims against the County for losses covered by any insurance policies required to be carried by Applicant under this Exhibit C, and waives all rights of subrogation of Applicant and its insurers, and include a waiver of subrogation in favor of the County on all policies shown above. The insurance required to be maintained by Applicant pursuant to this Exhibit C may be carried under master insurance policies so long as such policies comply with this Exhibit C. The Commercial General Liability Insurance policy shall be primary and non-contributory and include appropriate separation of insured language.

Exhibit D
Recorded Memorandum of Lease
[To be attached]

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PREPARED BY, RECORDING REQUESTED BY AND RETURN TO:

Colleen VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd., 25th Floor
Arlington, VA 22209

Memorandum of Lease Agreement

THIS MEMORANDUM OF LEASE AGREEMENT (this "Memorandum"), is made, dated and effective as of August 15, 2025 (the "Effective Date"), by and between Central Virginia Electric Cooperative, a Virginia Corporation having a mailing address of 800 Cooperative Way, Arrington, VA 22922 ("Landlord"), and Colleen VA BESS 1 LLC, a Delaware limited liability company having a mailing address of c/o Lightshift Energy 1201 Wilson Blvd., 25th Floor, Arlington, VA 22209, its successors and assigns ("Tenant"), with regards to the following:

1. Lease Agreement. Landlord and Tenant did enter into that certain Lease Agreement (the "Agreement"), which affects certain real property located at 800 Cooperative Way, Arrington, VA 22922 (the "Leased Premises"), which is a portion of the real property particularly described in Exhibit A attached hereto (the "Landlord's Property"). Capitalized terms used and not defined herein have the meaning given the same in the Agreement. The date of the execution of the Agreement is the Effective Date.

2. Grant of Rights. The Agreement grants Tenant an exclusive leasehold interest in the Leased Premises, and grants to Tenant the easements in, on, under, over or about the Landlord's Property specified therein; such easement rights include, without limitation, (a) an access easement for access and ingress and egress to and from the Leased Premises and Cooperative Way; and (b) a transmission easement to extend transmission lines across a portion of the Landlord's Property and to interconnect with a utility pole located on or adjacent to the Landlord's Property.

3. Term. The Term of the Agreement shall commence on the Effective Date and expire on the twentieth (20th) anniversary of the date that the battery storage project to be constructed on the Leased Premises commences commercial operations, unless the Parties have entered into a new agreement in respect of the operation of a battery energy storage facility at the Leased Premises, in which case this Agreement shall remain in effect for the duration of such extension or new agreement. Tenant shall have a six-month period following the expiration of the Term or the earlier termination of the Agreement to decommission the battery storage project.

4. Assignment. The Agreement and Tenant's rights and obligations thereunder may not be assigned without Landlord's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant shall be entitled (i) to collaterally assign its interests under the Agreement to secure any Tenant indebtedness relating to the battery storage facility, (ii) to assign the Agreement to an entity that is controlled by or under common control with Tenant, or (iii) to assign the Agreement in connection with a sale of the battery storage facility, in each case without Landlord consent.

The burdens of the Agreement and other rights contained in the Agreement shall run with and against the Leased Premises and easement areas and shall be a charge and burden thereon for the duration of this Agreement and shall be binding upon and against Landlord and its successors and assigns. Landlord shall notify Tenant in writing of any sale, assignment or transfer of any of Landlord's interest in the Leased Premises, or any part thereof, and shall cause any such successor to agree to be bound by the terms of the Agreement.

5. Subordination. The Agreement provides that from and after its effective date, any right, title or interest created by Landlord in favor of or granted to any third party shall be subject to the Agreement and all of Tenant's rights, title and interests created thereby; provided that Tenant will enter into certain commercially reasonable subordination and non-disturbance agreements.

6. Agreement Controls. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Agreement, and Landlord and Tenant executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Agreement and Tenant's rights thereunder.

7. Addresses.

a. The mailing address of Landlord is:

Central Virginia Electric Cooperative
800 Cooperative Way
Arrington, VA 22922

b. The mailing address of Tenant is:

Colleen VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd., 25th Floor
Arlington, Virginia 22209

8. Location of Original Agreement. A copy of the original Agreement is on file with Landlord and Tenant.

9. Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Memorandum to be effective as of the date first written above.

LANDLORD:

CENTRAL VIRGINIA ELECTRIC COOPERATIVE

By: Bruce Maurhoff
Name: Bruce Maurhoff
Title: Sr. Executive VP & Chief Operating Officer

COMMONWEALTH OF VIRGINIA)
) §
COUNTY OF Nelson)

On August 15, 2025, before me, Melisa Belch Caputo a Notary Public, personally appeared Bruce Maurhoff, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, sworn to and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(Affix seal here)

MELISA BELCH CAPUTO
NOTARY PUBLIC
REG. # 00365028
MY COMMISSION EXPIRES
05/31/2029
COMMONWEALTH OF VIRGINIA

WITNESS my hand and official seal.

Melisa Belch C
Signature of Notary
Commission Expires: 05/31/2029
Notary ID No.: 00365028

04

TENANT:

COLLEEN VA BESS 1 LLC

By: ______________________
Name: Michael Herbert
Title: Authorized Signatory

COMMONWEALTH OF VIRGINIA)
)§
COUNTY OF Arlington)

On August 12, 2025, before me, Andrea Nicole Hall, a Notary Public, personally appeared Michael Herbert, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, sworn to and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(Affix seal here)

ANDREA NICOLE HALL
NOTARY PUBLIC
REG. #8064816
MY COMMISSION EXPIRES
12/31/2027
COMMONWEALTH OF VIRGINIA

WITNESS my hand and official seal.

Andrea Hall
Signature of Notary
Commission Expires: 12/31/27
Notary ID No.: 8064816

05

Exhibit A to Memorandum of Lease Agreement

Description of the Landlord's Property

Address: 800 Cooperative Way, Arrington, VA 22922

Parcel ID: 66-A-36

Legal Description:

The Land is described as follows:

All that certain parcel of land together with improvements thereon and appurtenances thereunto belonging, lying in the Lovingston Magisterial District of Nelson County, Virginia, near Colleen containing 170 acres, more or less, and being that portion of a tract of 196.9 acres shown on a plat by Paul M. Saunders, C.L.S., dated June 27, 1972, a copy of which is recorded in the Clerk's office of the Circuit Court for Nelson County, Virginia in Plat Book 8, at Page 41 which lies on the north side of State Route 67.

LESS AND EXCEPT the following properties recorded in Nelson County:

a. 0.82 acres conveyed to the Commonwealth of Virginia for State Route 56 by deed recorded in the Deed Book 342, Page 674.

b. An 8 foot by 98 foot parcel conveyed as a well lot, together with a right of access, by deed recorded in the Deed Book 292, Page 606.

c. 5.295 acres conveyed to Industrial Development Authority of Nelson County, Virginia recorded in Deed Book 432, Page 27.

d. 4.583 acres conveyed to Board of Supervisors of The County of Nelson, Virginia recorded in Deed Book 436, Page 777.

d. 15.994 acres conveyed to Nelson County Service Authority by deed recorded in Deed Book 456, Page 608.

e. Parcel 1 containing 11.502 acres and Parcel 2 containing 8.179 acres conveyed to Nelson County Service Authority recorded in Instrument No. 020003228.

f. 6.300 acres conveyed to Nelson County Service Authority by deed recorded in Instrument No. 040004616.

g. 2.00 acres conveyed to Nelson County Service Authority by deed recorded in Instrument No. 070002478.

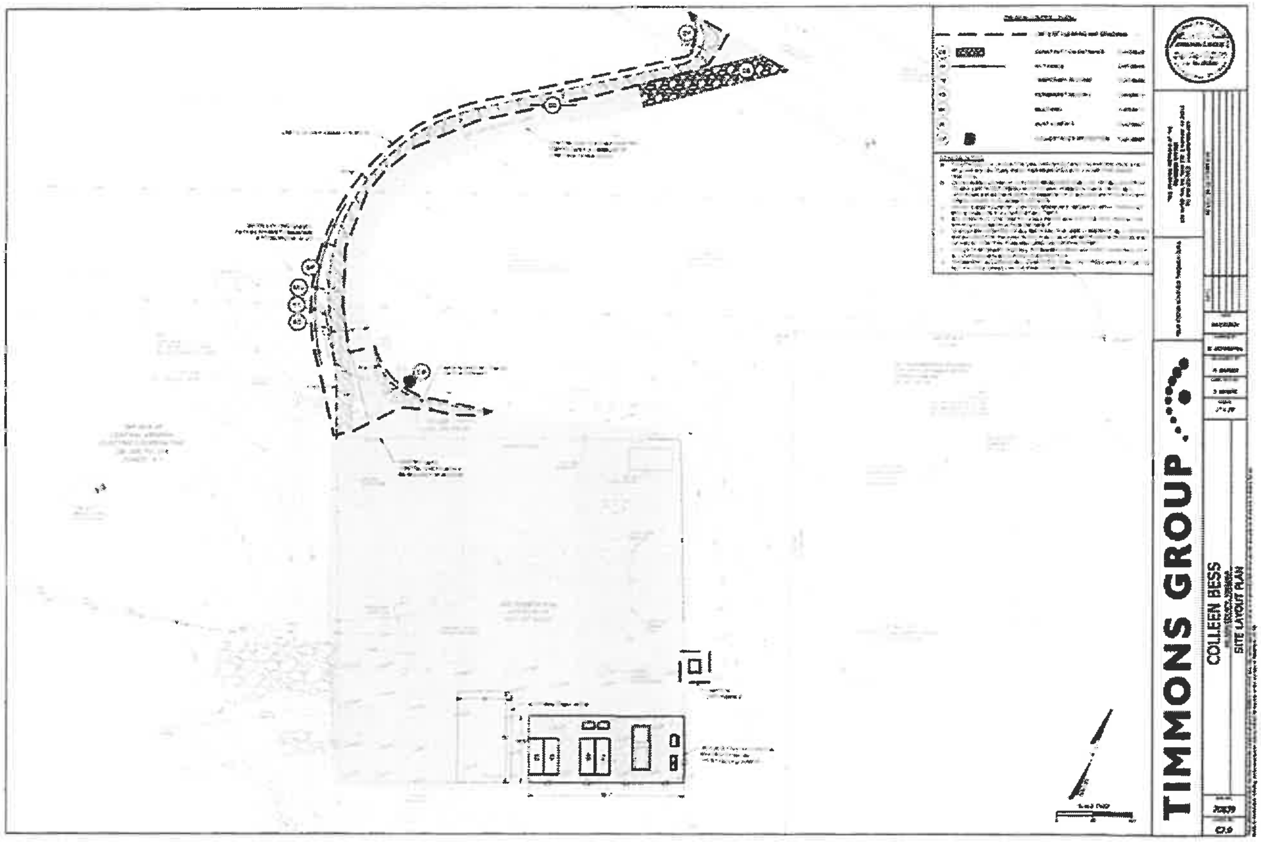
h. 11.654 acres conveyed to Blue Mountain Barrel House and Organic Brewery, LLC Instrument No. 110002283.

i. 3.346 acres conveyed to Blue Mountain Barrel House and Organic Brewery, LLC Instrument No. 110002284.

Parcel Number 66-A-36

06

Site Plan:



KGT

[FORM OF MEMORANDUM]

PREPARED BY AND RETURN TO:

GPIN: ____________________________

EXEMPT FROM RECORDATION TAX PURSUANT TO VA. CODE SEC. 58.1-811.A.3.

MEMORANDUM OF ENERGY STORAGE PROJECT SITING AGREEMENT

This Memorandum of Energy Storage Project Siting Agreement (this "Memorandum"), dated and effective as of November 24, 2025, is made by and between the Nelson County, Virginia, a municipal corporation of the Commonwealth of Virginia (the "County") and [Colleen VA BESS 1 LLC], a Delaware limited liability company ("Applicant"), with regard to the following:

Siting Agreement. The County and Applicant are parties to that Energy Storage Project Siting Agreement, dated November 24, 2025 (the "Siting Agreement"), which describes the intent of Applicant to develop, install, build, and operate an energy storage project facility ("Project") on those certain parcels of land identified as GPIN(s) 66-A-36 (the "Property").

Authorization. The County's execution of the Siting Agreement was authorized during that certain regular meeting of the Nelson County Board of Supervisors ("Board of Supervisors") on November 13, 2025

Substantially in Accord. The Siting Agreement states, inter alia, that, pursuant to Virginia Code Section 15.2-2316.9(C), by entering into the Siting Agreement, the Board of Supervisors acknowledged that the Project is deemed to be substantially in accord with the Nelson County Comprehensive Plan under Virginia Code § 15.2-2232.

Obligations. The Siting Agreement sets forth, inter alia, certain obligations of the Applicant to make certain payments to the County.

Siting Agreement Controls. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Siting Agreement, and the County and Applicant executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Siting Agreement and the County's and Applicant's rights thereunder. The terms, conditions and covenants of the Siting Agreement are incorporated into this Memorandum by reference as though fully set forth herein.

Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

WITNESS the following signatures and seals:

NELSON COUNTY, VIRGINIA

By: Candice W. McGarry

Name: Candice W. McGarry

Title: County Administrator

COMMONWEALTH OF VIRGINIA,
COUNTY OF Nelson, to-wit:

The foregoing Memorandum was acknowledged before me this 24th day of November, 2025, by Candice W. McGarry, County Administrator of Nelson County, Virginia.

Amanda B. Spivey
Notary Public

My Commission expires: 06/30/2026
Notary Registration Number: 8010648

AMANDA BRADLEY SPIVEY
NOTARY PUBLIC
REG. #8010648
MY COMMISSION EXPIRES 6/30/2026
COMMONWEALTH OF VIRGINIA

COLLEEN VA BESS 1 LLC,
a Delaware limited liability company

By: [signature]

Name: Michael Herbert

Title: Authorized Signatory

COMMONWEALTH OF VIRGINIA

COUNTY OF Arlington

The foregoing Memorandum was acknowledged before me this 19th day of November, 2025, by Michael Herbert, Authorized Signatory [title], on behalf of COLLEEN VA BESS 1 LLC.

[signature]
Notary Public

My Commission expires: 12/31/27

Notary Registration Number: 8064816

ENERGY STORAGE PROJECT SITING AGREEMENT

This Energy Storage Project Siting Agreement ("Agreement"), dated as of November 24, 2025 ("Effective Date"), is by and between Nelson County, VA, a municipal corporation of the Commonwealth of Virginia ("County") and Piney River VA BESS 1 LLC, a Delaware limited liability company ("Applicant"). The County and Applicant are herein each a "Party" and collectively, the "Parties".

RECITALS

A. The Applicant has a right to lease certain parcels of land in the County consisting of 1.5 acres, identified as GPIN(s) 64-A-231C, and more fully described on the Concept Plan attached hereto as **Exhibit A** (collectively, "Property").

B. The Applicant intends to develop, install, build, and operate an energy storage project, as defined by Virginia Code Section 15.2-2316.6, with an aggregate energy capacity of 4 MW on the Property ("Project").

C. Applicant and Central Virginia Electrical Cooperative ("CVEC") have entered into (i) that certain Energy Storage Services Agreement dated on or about the date hereof ("ESSA") for the performance by Applicant of certain energy storage services for the benefit of CVEC, (ii) that certain Lease Agreement ("Lease Agreement"), as evidenced by the Memorandum of Lease attached as **Exhibit D**, granting Applicant the right to use the Property for the development, construction and operation of the Project and the performance of services pursuant to the ESSA, and (iii) that certain Interconnection Agreement for Battery Energy Storage Facility (the "Interconnection Agreement") for the interconnection of the Project to the CVEC's distribution grid; and

D. Pursuant to Title 15.2, Chapter 22, Article 7.3 of the Code of Virginia, titled "Siting of Solar Projects and Energy Storage Projects," the Applicant and the County may enter into a siting agreement ("Siting Agreement") for an energy storage project as such term is defined by Virginia Code § 15.2-2316.6.

E. Pursuant to Virginia Code § 15.2-2316.7, the Project is eligible for a Siting Agreement as it will contain energy storage facilities as described therein.

F. On March 25^{th}, 2025, the Applicant gave written notice to the County pursuant to Virginia Code § 15.2-2316.7(A) of Applicant's intent to locate the Project in the County and requested a meeting to discuss and negotiate a Siting Agreement.

G. After negotiation between the County and the Applicant, the Parties desire to enter into this Agreement so the Applicant can make a voluntary payment to the County above and beyond its tax obligations ("Capital Payment"), as a meaningful way to be a community partner, and to mitigate certain potential impacts of the Project, and to provide financial compensation to the County to address capital needs set out in (a) the County's capital improvement plan, (b) the County's current fiscal budget, or (c) the County's fiscal fund balance policy; and to help the County achieve its goals toward deployment of broadband, all as permitted by Virginia Code § 15.2-2316.7(B).

H. Pursuant to Virginia Code § 58.1-3660, the energy storage facilities associated with the Project, which are considered "certified pollution control equipment," are subject to local taxation as provided by state law but are partially exempt from local taxation pursuant to Article X, Section 6(d) of the Constitution of Virginia ("Tax Exemption"). The Tax Exemption relates to personal property (or machinery and tools) taxes on the energy storage facilities only and does not affect the County's right to collect real estate taxes for the Property. In addition to its real estate tax obligations, which are not affected by this Agreement, the Applicant has agreed to make the Capital Payment set out in **Exhibit B** in order to mitigate the impacts of the Project and for the other reasons stated in Virginia Code § 15.2-2316.7.

I. Pursuant to Virginia Code § 15.2-2316.8(B), the County has held a public hearing in accordance with subsection A of Virginia Code § 15.2-2204 for the purpose of considering this Agreement, after which a majority of a quorum of the members of the Nelson County Board of Supervisors ("Board of Supervisors") approved this Agreement.

NOW, THEREFORE, pursuant to Title 15.2, Chapter 22, Article 7.3 of the Code of Virginia, intending to be legally bound hereby and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the County and Applicant hereby agree as follows:

Article I
Project Features, Conditions, Valuation, Enforcement, and Mitigation

1. **Project Features.** The Project will be composed of an energy storage project with an aggregate power capacity of 4 MW. The energy storage facilities are expected to consist of 4 units approximately twenty (20) ft in length, eight (8) ft in width and nine and a half (9.5) ft in height and require a foundation. The energy storage facilities will consist of Lithium-ion batteries (or their functional equivalent) with off-site monitoring capabilities.

2. **Conformance with the Comprehensive Plan.** Upon approval of this Agreement by the County and in accordance with Virginia Code § 15.2-2316.9(C), the Project shall be deemed to be "substantially in accord" with the Nelson County Comprehensive Plan.

3. **Federal and State Approvals.** County shall cooperate with Applicant in obtaining any state or federal approvals required by law; provided, that such cooperation shall not include County being an applicant or co-applicant for any such approval in the absence of specific authorization by the Board of Supervisors.

4. **Annual Valuation of Real Property.** Applicant agrees to provide County and the Commissioner of Revenue ("Assessor") with current copies of any real property lease agreements for the Property associated with the Project. Applicant may identify any information deemed confidential tax information or proprietary/trade secrets and may request that it be maintained by the County in a confidential basis for that reason, and that the Nelson

County Commissioner of the Revenue ("Commissioner") accord it protection in accordance with Virginia Code §58.1-3. However, for any such leases, Applicant shall at the minimum provide the annual lease payment amounts for each parcel being leased for the Project. Thereafter, should the payment terms be amended in any such lease agreements, the Applicant shall forthwith provide such information to the County and the Assessor. Applicant further agrees to include as a condition in any agreements transferring ownership of the Project entered into by Applicant a requirement that any successor in interest shall provide such information to the County and the Assessor.

5. **Annual Valuation of Taxable Equipment; Updates.** "Commercial Operation" and "Commercial Operation Date" means "Commercial Operation" and "Commercial Operation Date" as defined under the ESSA. Prior to Commercial Operation Date, Applicant agrees to provide County and the Commissioner with a detailed list of capital equipment, including but not limited to (1) all equipment related to any proposed energy storage facilities, and (2) all other taxable tangible property. Thereafter, on an annual basis no later than January 1 or such other date as the County may prescribe, Applicant shall provide County and the Commissioner with any updates to this information, including but not limited to all new or replacement equipment. The Applicant agrees to provide the County and the Commissioner all information it may in the future provide to the Virginia State Corporation Commission for the Commission's use in valuing such property for taxation purposes. In addition, prior to the Commercial Operation Date, the Applicant shall provide to the County and the Commissioner proof of payment for all components of the Project installed prior to the Commercial Operation Date. Applicant shall provide to the County and the Commissioner proof of payment for any additional or replacement component installed during the life of the Project, which proof shall be updated annually on or before the anniversary of the Commercial Operation Date. If no such component is installed in any given year, notice of such shall be provided to the County and the Commissioner on or before the anniversary of the Commercial Operation Date. Applicant shall fully cooperate with the Commissioner's requests for inspection or other site visits to confirm or otherwise assess information the Applicant provides to the County and Commissioner.

6. **Decommissioning**. Unless the Applicant has elected to abandon the Project in place following a termination of the ESSA arising out of a default by the County as described in Section 11(B)(ii) of the ESSA, Applicant shall remove and decommission the Project in accordance with Section 3.4 of the Lease. Pursuant to Section 3.4 of the Lease, Applicant shall have six (6) months following the expiration of the Lease or the earlier termination of the Lease during which to decommission and remove the Project from the leased area of the Property. During the decommissioning term, Applicant shall restore and landscape the lease area of the Property to substantially their condition as they existed immediately prior to the Effective Date.

7. **Right of Entry for Enforcement.** Applicant and the County acknowledge and agree that the County, its personnel and duly authorized agents shall have the express right of entry upon the Project parcels for the purposes of inspecting energy storage facilities and all appurtenant facilities. For non-emergency access, which shall be limited to the hours of 8am

to 5pm, Monday through Friday, the County shall provide the Applicant with reasonable advance written notice of no less than forty-eight (48) hours, in any event, prior to making such entry for any inspection or enforcement purposes. No prior notice shall be required to enter the Project in the event of an emergency that constitutes an immediate danger to life or property. Notwithstanding the foregoing, the County agrees to comply with Applicant's site safety and health requirements when accessing the Project.

Article II
Capital Payment

1. Capital Payment. Upon site plan approval, the Applicant shall make a Capital Payment to the County as set forth in **Exhibit B** attached hereto in the amount stated therein. The Parties acknowledge that, except as otherwise provided herein, the Applicant's obligation to make the Capital Payment shall be conditioned upon the Project receiving final site plan approval.

2. Statutory Structure of Capital Payment; Statement of Benefit. The Applicant agrees that by entering into this Agreement, pursuant to Virginia Code § 15.2-2316.6 et seq., the Capital Payment is authorized by statute, and it acknowledges that it is bound by law to make the Capital Payment in accordance with this Agreement. The Parties acknowledge that this Agreement is fair and mutually beneficial to them both. The Applicant acknowledges that this Agreement is beneficial to Applicant in allowing it to proceed with the installation of the Project with clear project design terms, which provide for mitigation of effects on the surrounding properties and the Arrington community. Additionally, the Applicant acknowledges that this Agreement provides for a clear and predictable payment to the County in an amount fair to both Parties.

3. Real Estate and Machinery and Tools Taxes. The Capital Payment is separate and distinct from any amounts that are or will be owed by the Applicant to the County for real estate tax, machinery and tools tax, or for any other tax or financial obligations. The Capital Payment shall be in addition to any other tax or financial obligations that may be applicable to the Project or the Applicant. Without limiting the foregoing, nothing in this Agreement shall limit the application of the Code to the Project.

4. Use of Capital Payment by the County. The County shall use the Capital Payment as permitted under Virginia Code § 15.2-2316.7(B) or as otherwise permitted by law.

5. Effect of Agreement. This Agreement shall be binding upon the County pursuant to Virginia Code § 15.2-2316.8(A)(3). This Agreement is expressly conditioned upon the County's approval of a site plan for the Project in accordance with the Code. If such approvals are not granted, this Agreement shall be void.

Article III
Emergency Response Training

1. Emergency Resources. The Applicant will pay directly for any specialized training the County and the Applicant mutually determine is necessary to prepare for responding to a fire or similar event at the Project. Such training is to be provided by a fire safety expert and include at a minimum Emergency Response Training and an Emergency Response Plan. In regard to the Emergency Response Plan, Applicant is working with the local fire department on the creation and implementation of the Emergency Response Plan.

Article IV
Compliance, Permits and Approvals

1. Compliance. The Applicant will develop, install, build, operate, and decommission the Project in compliance with all applicable federal, state, and local laws, regulations, ordinances, licenses, approvals, and permits. In the event that the Applicant is notified of any violation at the Project of any applicable federal, state or local laws, regulations, ordinances, licenses, approvals, and permits, the Applicant shall (a) notify the County of said violation within ten (10) business days, (b) diligently cooperate with the applicable regulatory agency, and (c) take all reasonable and necessary actions to attempt to cure the violation.

2. Approvals. If the Applicant elects to develop, install, build, and operate the Project, the Applicant will apply to all applicable federal, state, and local regulating authorities and will seek to obtain all required licenses, approvals, and permits for the Project. The Applicant agrees that all activities associated with the Project shall be in accordance with the terms of this Agreement, the Code, all other applicable building and zoning regulations, and all other applicable federal, state, and local laws, ordinances, and regulations.

3. Cooperation. As part of the consideration for this Agreement, the County will cooperate fully with the Applicant's efforts to obtain licenses, approvals, and permits as required by federal, state, and local laws, regulations, and ordinances authorizing the Project construction and/or operation, including, but not limited to, the performance of infrastructure studies, traffic studies, environmental studies, and the collection and analysis of other information necessary for those licenses, approvals, and permits. The County will make available to the Applicant, upon request, access to all records and data in its possession or control pertaining to the Project that are not otherwise required to be confidential by law, or subject to attorney-client privilege or other applicable legal privilege or confidentiality requirement. The County will use its best efforts to support and cooperate with the Applicant's efforts to obtain necessary licenses, approvals, and permits, including any necessary amendments thereto, for the Project construction, and for the Project's operation, and will process requests for permits and other approvals required by County ordinances. The County will take no action intended to frustrate or prevent the Applicant from receiving and maintaining any license, approval, or permit that is consistent with the applicable ordinances and zoning. Provided however, nothing herein shall be construed to require the County or the Board of Supervisors to undertake any action not authorized by law or to exercise any legislative function in favor of the Applicant.

4. Construction. Site construction shall be in accordance with all licenses, approvals, and permits.

Article V
Miscellaneous Terms

1. Term; Termination. This Agreement shall commence on the Effective Date and shall expire upon the expiration of all of the ESSA, the Lease and the Interconnection Agreement. The occurrence of the Termination Date shall not limit the Applicant's legal obligation to pay local taxes in accordance with applicable law.

2. Mutual Covenants. The Applicant covenants to the County that it will pay the County the amounts due hereunder when due in accordance with the terms of this Agreement, and will not seek to invalidate this Agreement, or otherwise take a position adverse to the purpose or validity of this Agreement. So long as Applicant is not in breach of this Agreement during its term, the County covenants to the Applicant that it will not seek to invalidate this Agreement or otherwise take a position adverse to the purpose or validity of this Agreement. If after twenty (20) years from the Commercial Operation Date a Termination Date has not occurred, then the Parties covenant to discuss in good faith any ongoing impacts of the Project that need additional mitigation and the acceptable forms of mitigation, including evaluation of additional compensation.

3. No Obligation to Develop. The Applicant has no obligation to develop the Project. It is understood that development of the Project by Applicant is contingent upon a number of factors including, but not limited to, regulatory approvals, availability and cost of equipment and financing, and demand for renewable energy and renewable energy credits. No election by the Applicant to terminate, defer, suspend or modify plans to develop the Project shall be deemed a default of Applicant under this Agreement. Any Capital Payment by the Applicant prior to a decision to suspend or abandon the Project is non-refundable.

4. Successors and Assigns. This Agreement will be binding upon the assigns and successors in interest of the Applicant, and the obligations created hereunder shall be covenants running with the Property upon which the Project is developed. No assignment of this Agreement or any right or obligation accruing under this Agreement shall be made by the Applicant without the express written consent of the County, which consent shall not be unreasonably withheld or delayed. Any assignment, other than as permitted by this Section, without the consent of the County, shall be void. In the event of any approved assignment, the assignee or successor in interest shall assume the liabilities of the Applicant. For the purpose of this Section, an assignment shall occur if the Applicant sells, transfers, leases or assigns all or substantially all of its interest in the Project or the ownership of the Applicant to another individual or entity. The Applicant and any permitted assignee or successor in interest shall execute such documentation as reasonably requested by the County to memorialize the assignment and assumption by the assignee or successor in interest.

5. Memorandum of Agreement. A memorandum of this Agreement, in a form acceptable to the County Attorney, shall be recorded in the land records of the Clerk's Office of the Nelson County Circuit Court. Such recordation shall be at the Applicant's sole cost and expense and shall occur as soon as reasonably practicable after the full execution of this Agreement. If the Applicant chooses not to develop the Project, in its sole discretion, the

County shall execute a release of the memorandum filed in the aforementioned Clerk's Office.

6. Notices. Except as otherwise provided herein, all notices required to be given or authorized to be given pursuant to this Agreement shall be in writing and shall be delivered or sent by (1) registered or certified mail, postage prepaid, (2) recognized commercial shipping company, or (3) commercial courier to:

COUNTY

County of Nelson
84 Courthouse Square,
P.O. Box 336
Lovingston, VA 22949
Attn: Candice W. McGarry

APPLICANT

Piney River VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd, 25th Floor
Arlington, VA 22209
Attn: Rory Jones and Michael Herbert

Copy to:
Delorean Power LLC dba Lightshift Energy
1201 Wilson Boulevard, 25th Floor
Arlington, Virginia 22209
Attn: General Counsel

The County and the Applicant, by notice given hereunder, may designate in writing any further or different persons or addresses to which subsequent notices shall be sent without need of a formal amendment to this Agreement. All notices provided as contemplated hereunder shall be deemed received after five (5) calendar days have passed from their mailing/sending date.

7. Governing Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to any of its principles of conflicts of laws or other laws which would result in the application of the laws of another jurisdiction. The Parties (a) agree that any suit, action or other legal proceeding, as between the parties hereto, arising out of or relating to this agreement shall be brought and tried only in the Circuit Court or General District Court of Nelson County, VA, as jurisdiction may lie, (b) consent to the jurisdiction of such court in any such suit, action or proceeding, and (c) waive (1) any objection which any of them may have to the laying of venue or any such suit, action, or proceeding in such court and (2) any claim that any such suit, action, or proceeding has been brought in an inconvenient forum. The Parties agree that a final judgment in any such suit, action, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

8. Confidentiality. This Agreement is a public document, subject to production under the Virginia Freedom of Information Act ("FOIA"). The County understands and acknowledges the Applicant, and as applicable, their associates, contractors, partners and affiliates utilize confidential and proprietary "state-of-the-art" information and data in their operations ("Confidential Information"), and that disclosure of any information, including, but not limited to, disclosures of technical, financial or other information concerning the Applicant or any affiliated entity could result in substantial harm to them and could thereby have a significant detrimental impact on their employees and also upon the County. The County acknowledges that during the development of this Agreement, certain Confidential Information may be shared with the County by the Applicant. **Applicant agrees to clearly identify any information it deems to be confidential and not subject to mandatory disclosure under the Virginia Freedom of Information Act or other applicable law as Confidential Information at the time it provides such information to the County.** The County agrees that, except as required by law and pursuant to the County's police powers, neither the County nor any employee, agent or contractor of the County will knowingly or intentionally disclose or otherwise divulge any such Confidential Information to any person, firm, governmental body or agency, or any other entity unless the request for Confidential Information is made under a provision of local, state or federal law. Upon receipt of such request but before transmitting any documents or information which may contain Confidential Information, the County will contact Applicant to review the request for information and associated documents to determine if any Confidential Information is at risk of disclosure. If Confidential Information exists, Applicant may intervene on behalf of the County and defend against disclosure of the Confidential Information. The County agrees to cooperate in this defense and to the extent allowed by law, work to protect the Confidential Information of the Applicant.

9. Severability; Invalidity Clause. Any provision of this Agreement that conflicts with applicable law or is held to be void or unenforceable shall be ineffective to the extent of such conflict, voidness or unenforceability without invalidating the remaining provisions hereof, which remaining provisions shall be enforceable to the fullest extent permitted under applicable law. If, for any reason, including a change in applicable law, it is ever determined by any court or governmental authority of competent jurisdiction that this Agreement is invalid then the parties shall, subject to any necessary Board of Supervisors meeting vote or procedures, undertake reasonable efforts to amend and or reauthorize this Agreement so as to render the invalid provisions herein lawful, valid and enforceable. If the Parties are unable to do so, this Agreement shall terminate as of the date of such determination of invalidity. The Parties will cooperate with each other and use reasonable efforts to defend against and contest any challenge to this Agreement by a third party.

10. Entire Agreement. This Agreement and its exhibits constitute the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. No provision of this Agreement can be modified, altered or amended except in a writing executed by the Parties. All exhibits to this Agreement are expressly incorporated into this Agreement by reference.

11. Construction. This Agreement was drafted with input by the County and the

Applicant, and no presumption shall exist against any Party.

12. Insurance. The Applicant will obtain and maintain all insurance coverage required by applicable law. Pursuant to Section 14.1 of the ESSA, Applicant shall obtain and maintain the insurance coverages attached hereto as **Exhibit C**.

13. Default.

a. In the event of a default under this Agreement, if a Party has not cured, as described by this Agreement, its default after thirty (30) days of receiving written notice of the default from the non-defaulting Party, the non-defaulting Party shall have the right, but not the obligation, to cure such default and to charge the defaulting Party for the cost of curing such default, including the right to offset said costs of curing the default against any sums due or which become due to the defaulting Party under this Agreement. Such non-defaulting Party shall, in its reasonable judgment, attempt to use the most economically reasonable method of curing any such default.

b. This Agreement may be terminated by the County in the event of a material breach of this Agreement by the Applicant that has not been cured within sixty (60) days of written notice thereof being received by the Applicant. If the Applicant initiates a cure within such period and continues to diligently pursue such cure to completion, the Agreement shall not terminate. A material breach shall mean a failure to comply with (1) any of the provisions of this Agreement, (2) the permits and approvals under which the Project will be operated or built, or (3) applicable federal, state laws or local laws, regulations, ordinances, licenses, approvals, and permits. A material breach shall also include the insolvency of the Applicant or its assignee or successor in interest, such insolvency to be established by the filing of either a voluntary petition in bankruptcy showing the Applicant as the debtor or an involuntary petition that is not dismissed within one hundred eighty (180) days of its filing, a written admission of inability to pay its bills as they come due, entry of receivership, trusteeship, composition, or similar arrangement, or a general assignment for the benefit of creditors. Provided, however, the Applicant's complying or taking action consistent with any governmental or regulatory warning letter, notice of violation, or plan of action shall be deemed a cure if the compliance or the action is initiated by the Applicant within sixty (60) days of the Applicant receiving the warning letter, notice of violation, or action plan. The Applicant's failure after receiving written notice to resolve as soon as practically possible, a material breach that state or federal authorities determine threatens the safety of the public or threatens to cause material environmental damage, shall entitle the County to terminate this Agreement effective immediately upon the Applicant's failure to act as soon as practically possible. Further, the County may terminate this Agreement effective immediately if the Applicant fails to pay an amount due under this Agreement within thirty (30) days of receiving the County's written notice of the failure to pay.

c. In the event of a breach and the appropriate notice thereof to the Applicant by the County, the cure periods noted above may be extended at the sole discretion of the County without the County waiving its right to terminate the Agreement at any time prior to the cure being made by the Applicant.

d. If the County terminates this Agreement as provided herein, the Applicant shall cease operations at the Project and commence decommissioning the Project in accordance with Section 3.4 of the Lease.

e. If the County or the Applicant files a lawsuit, counterclaim, or cross-claim to enforce any provision of this Agreement, the prevailing Party is entitled to all reasonable attorneys' fees, litigation expenses, and court costs.

14. Force Majeure.

A. "Force Majeure Event" means the occurrence of:

(i) an act of war (whether declared or not), hostilities, invasion, act of foreign enemies, terrorism or civil disorder;

(ii) a strike or strikes or other industrial action or blockade or embargo or any other form of civil disturbance (whether lawful or not), in each case affecting on a general basis the industry related to the construction, operation, or maintenance of energy storage facilities and which is not attributable to any unreasonable action or inaction on the part of Applicant or any of its subcontractors or suppliers and the settlement of which is beyond the reasonable control of all such persons;

(iii) specific incidents of typhoons, tornadoes, named storms, flood, drought, lightning, windstorm, unusually adverse weather conditions or other natural catastrophe;

(iv) tempest, earthquake, or any other natural disaster of overwhelming proportions; disruption of operations resulting from any plane crashing into the energy storage facilities to the extent that all or a substantial portion thereof is unable to operate sufficient to meet Applicant's payment obligations hereunder;

(v) discontinuation of electricity supply, or unanticipated termination of a power purchase agreement;

(vi) other unforeseeable circumstances beyond the control of the Parties against which it would have been unreasonable for the affected party to take precautions and which the affected party cannot avoid even by using its best efforts, including quarantines ordered by competent governmental authority in the event of a public health emergency, which in each case directly causes either party to be unable to comply with all or a material part of its obligations under this Agreement.

B. Neither Party will be in breach of its obligations under this Agreement or incur any liability to the other Party for any losses or damages of any nature whatsoever incurred or suffered by that other (otherwise than under any express indemnity in this Agreement) if and to the extent it is prevented from carrying out those obligations by, or such losses or damages are caused by, a Force Majeure Event except to the extent that the relevant breach of its obligations would have occurred, or the relevant losses or damages would have arisen, even if the Force Majeure Event had not occurred.

C. As soon as reasonably practicable following the date of commencement of a Force Majeure Event, and within a reasonable time following the date of termination of a Force Majeure Event, any Party invoking it will submit to the other Party reasonable proof of the nature of the Force Majeure Event and of its effect upon the performance of the Party's obligations under this Agreement.

D. Applicant will, and will ensure that its Subcontractors will, at all times take all reasonable steps within their respective powers and consistent with Good Operating Practices (but without incurring unreasonable additional costs) to:

(i) prevent Force Majeure Events affecting the performance of Applicant's obligations under this Agreement;

(ii) mitigate the effect of any Force Majeure Event; and

(iii) comply with its obligations under this Agreement.

E. The Parties will consult together in relation to the above matters following the occurrence of a Force Majeure Event.

F. Should paragraph 14.A. apply as a result of a single Force Majeure Event for a continuous period of more than three hundred sixty-five (365) days then the parties must endeavor to agree to any modifications to this Agreement that are equitable having regard to the nature of the ability of Applicant to continue to meet its financial obligations to the County.

G. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.

15. Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their respective successors and permitted assigns, and no other person shall have any right, benefit, priority or interest in, under or because of the existence of, this Agreement.

16. Counterparts; Electronic Signatures. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, and all of which shall constitute but one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail/PDF or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

17. Recitals and Exhibits. The above stated recitals and previously described exhibits are expressly incorporated herein by reference.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by the officers whose names appear below as of the Effective Date.

PINEY RIVER VA BESS 1 LLC

By: ______________________

Name: Michael Herbert

Title: Authorized Signatory

NELSON COUNTY, VIRGINIA

By: Candice W. McGarry

Name: Candice W. McGarry

Title: County Administrator

Approved as to form:

By: 24Apr21; Board Chair
County Attorney or designee

Exhibit A
Concept Plan

Exhibit B
Capital Payment

Capital Payment to County: A one-time payment of Eight Thousand and 00/100 Dollars ($8,000) to be paid to the County by Applicant within thirty (30) days of the Commercial Operations Date. Tenant shall have the option to make a Ten Thousand and 00/100 Dollar ($10,000.00) payment to a community organization/agency of choice upon ribbon cutting of the Project.

Exhibit C
Insurance Coverage

During the Term, Applicant shall (or shall require its contractors to) maintain the following coverages with limits not less than the following amounts with a company or companies licensed or qualified to do business in the State where the Project is located:

1) Commercial General Liability Insurance covering the insured against claims of bodily injury, personal injury, property damage (including loss of use thereof), and sudden and accidental pollution arising out of Applicant's operations of the Project with limits of liability not less than the following (provided that such limits may be reached through any combination of primary and excess and/or umbrella coverages): $1,000,000 each occurrence, and $1,000,000 general aggregate;

2) Property Insurance covering loss or damage to the Project, which shall be written on an "all risks" of direct physical loss or damage basis for the full replacement cost value (except for coverages sub-limited under this policy). Coverage shall include fire and other peril including, but not limited to, vandalism and malicious mischief, theft, and explosion;

3) To the extent Applicant has any employees, (a) Employer's Liability Insurance with limits of liability no less than the following (provided that such limits may be reached through any combination of primary and excess and/or umbrella coverages): $1,000,000 each accident, $1,000,000 disease for each employee, and $1,000,000 disease-policy limit, and (b) Worker's Compensation Insurance to the extent required by Applicable Law; and

4) Applicant shall provide the County with additional insured status on all policies required herein except Worker's Compensation/ Employer's Liability. Applicant hereby waives all rights and claims against the County for losses covered by any insurance policies required to be carried by Applicant under this Exhibit C, and waives all rights of subrogation of Applicant and its insurers, and include a waiver of subrogation in favor of the County on all policies shown above. The insurance required to be maintained by Applicant pursuant to this Exhibit C may be carried under master insurance policies so long as such policies comply with this Exhibit C. The Commercial General Liability Insurance policy shall be primary and non-contributory and include appropriate separation of insured language.

Exhibit D
Recorded Memorandum of Lease
[To be attached]

20250204 4

07

PREPARED BY, RECORDING REQUESTED BY AND RETURN TO:

Piney River VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd., 25th Floor
Arlington, VA 22209

Memorandum of Lease Agreement

THIS MEMORANDUM OF LEASE AGREEMENT (this "Memorandum"), is made, dated and effective as of August 15, 2025 (the "Effective Date"), by and between Central Virginia Electric Cooperative, a Virginia Corporation having a mailing address of 800 Cooperative Way, Arrington, VA 22922 ("Landlord"), and Piney River VA BESS 1 LLC, a Delaware limited liability company having a mailing address of c/o Lightshift Energy 1201 Wilson Blvd., 25th Floor, Arlington, VA 22209, its successors and assigns ("Tenant"), with regards to the following:

1. Lease Agreement. Landlord and Tenant did enter into that certain Lease Agreement (the "Agreement"), which affects certain real property located at 600 Tye Brook Highway, Piney River, VA 22964 (the "Leased Premises"), which is a portion of the real property particularly described in Exhibit A attached hereto (the "Landlord's Property"). Capitalized terms used and not defined herein have the meaning given the same in the Agreement. The date of the execution of the Agreement is the Effective Date.

2. Grant of Rights. The Agreement grants Tenant an exclusive leasehold interest in the Leased Premises, and grants to Tenant the easements in, on, under, over or about the Landlord's Property specified therein; such easement rights include, without limitation, (a) an access easement for access and ingress and egress to and from the Leased Premises and Tye Brook Highway; and (b) a transmission easement to extend transmission lines across a portion of the Landlord's Property and to interconnect with a utility pole located on or adjacent to the Landlord's Property.

3. Term. The Term of the Agreement shall commence on the Effective Date and expire on the twentieth (20th) anniversary of the date that the battery storage project to be constructed on the Leased Premises commences commercial operations, unless the Parties have entered into a new agreement in respect of the operation of a battery energy storage facility at the Leased Premises, in which case this Agreement shall remain in effect for the duration of such extension or new agreement. Tenant shall have a six-month period following the expiration of the Term or the earlier termination of the Agreement to decommission the battery storage project.

4. Assignment. The Agreement and Tenant's rights and obligations thereunder may not be assigned without Landlord's prior written consent, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Tenant shall be entitled (i) to collaterally assign its interests under the Agreement to secure any Tenant indebtedness relating to the battery storage facility, (ii) to assign the Agreement to an entity that is controlled by or under common control with Tenant, or (iii) to assign the

Agreement in connection with a sale of the battery storage facility, in each case without Landlord consent. The burdens of the Agreement and other rights contained in the Agreement shall run with and against the Leased Premises and easement areas and shall be a charge and burden thereon for the duration of this Agreement and shall be binding upon and against Landlord and its successors and assigns. Landlord shall notify Tenant in writing of any sale, assignment or transfer of any of Landlord's interest in the Leased Premises, or any part thereof, and shall cause any such successor to agree to be bound by the terms of the Agreement.

5. Subordination. The Agreement provides that from and after its effective date, any right, title or interest created by Landlord in favor of or granted to any third party shall be subject to the Agreement and all of Tenant's rights, title and interests created thereby; provided that Tenant will enter into certain commercially reasonable subordination and non-disturbance agreements.

6. Agreement Controls. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Agreement, and Landlord and Tenant executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Agreement and Tenant's rights thereunder.

7. Addresses.

a. The mailing address of Landlord is:

Central Virginia Electric Cooperative
800 Cooperative Way
Arrington, VA 22922

b. The mailing address of Tenant is:

Piney River VA BESS 1 LLC
c/o Lightshift Energy
1201 Wilson Blvd., 25th Floor
Arlington, Virginia 22209

8. Location of Original Agreement. A copy of the original Agreement is on file with Landlord and Tenant.

9. Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

09

IN WITNESS WHEREOF, the parties have executed this Memorandum to be effective as of the date first written above.

LANDLORD:

CENTRAL VIRGINIA ELECTRIC COOPERATIVE

By: Bruce Maurhoff
Name: Bruce Maurhoff
Title: Sr. Executive VP and Chief Operating Officer

COMMONWEALTH OF VIRGINIA)
) §
COUNTY OF Nelson)

On August 15, 2025, before me Melisa Belch Caputo a Notary Public, personally appeared Bruce Maurhoff, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, sworn to and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(Affix seal here)

MELISA BELCH CAPUTO
NOTARY PUBLIC
REG. # 00365028
MY COMMISSION EXPIRES 05/31/2029
COMMONWEALTH OF VIRGINIA

WITNESS my hand and official seal.

Melisa Belch C
Signature of Notary
Commission Expires: 05/31/2029
Notary ID No.: 00365028

TENANT:

PINEY RIVER VA BESS 1 LLC

By:____________________________
Name: Michael Herbert
Title: Authorized Signatory

COMMONWEALTH OF VIRGINIA)
)§
COUNTY OF Arlington)

On August 12, 2025, before me, Andrea Nicole Hall, a Notary Public, personally appeared Michael Herbert, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument, sworn to and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

(Affix seal here)

ANDREA NICOLE HALL
NOTARY PUBLIC
REG. #8064816
MY COMMISSION EXPIRES 12/31/2027
COMMONWEALTH OF VIRGINIA

WITNESS my hand and official seal.

____
Signature of Notary
Commission Expires: 12/31/27
Notary ID No.: 8064816

Exhibit A to Memorandum of Lease Agreement

Description of the Landlord's Property

Address: 600 Tye Brook Highway, Piney River, VA 22964

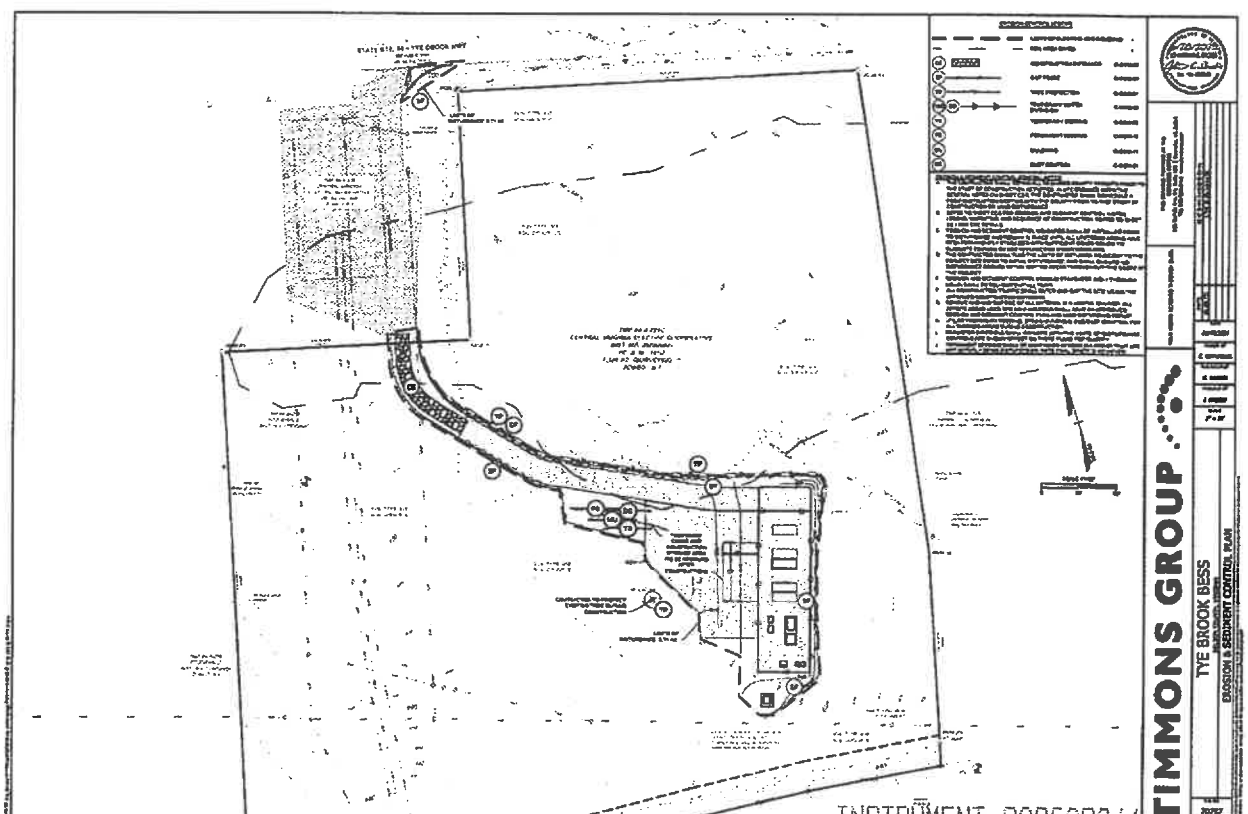
Parcel ID: 64-A-231C

Legal Description:

The Land is described as follows:

All that lot or parcel of land, with improvements thereon and appurtenances thereto, containing 7.732 acres, situated in the Massies Mill Magisterial District of Nelson County, Virginia, shown on a plat prepared by Saunders' Surveys, Inc., dated September 28, 2023, revised December 20, 2023, revised December 28, 2023, and revised January 2 , 2024 entitled "PLAT SHOWING A BOUNDARY ADJUSTMENT OF A PORTION OF THE PROPERTY OF JOANNE T. CLARKSON FOR A PROPOSED UTILITY LOT TO BE USED BY CENTRAL VIRGINIA ELECTRIC COOPERATIVE", recorded immediately preceding this deed and incorporated herein (the "Plat")

Site Plan:



INSTRUMENT 202502044
RECORDED IN THE CLERK'S OFFICE OF
NELSON CIRCUIT COURT ON
SEPTEMBER 12, 2025 AT 09:23 AM
LISA D. BRYANT, CLERK
RECORDED BY: KXT

KGT

[FORM OF MEMORANDUM]

PREPARED BY AND RETURN TO:

GPIN: ___________________________

EXEMPT FROM RECORDATION TAX PURSUANT TO VA. CODE SEC. 58.1-811.A.3.

MEMORANDUM OF ENERGY STORAGE PROJECT SITING AGREEMENT

This Memorandum of Energy Storage Project Siting Agreement (this "Memorandum"), dated and effective as of November 24, 2025, is made by and between the Nelson County, Virginia, a municipal corporation of the Commonwealth of Virginia (the "County") and [Piney River VA BESS 1 LLC], a Delaware limited liability company ("Applicant"), with regard to the following:

Siting Agreement. The County and Applicant are parties to that Energy Storage Project Siting Agreement, dated November 24, 2025 (the "Siting Agreement"), which describes the intent of Applicant to develop, install, build, and operate an energy storage project facility ("Project") on those certain parcels of land identified as GPIN(s) 64-A-231C (the "Property").

Authorization. The County's execution of the Siting Agreement was authorized during that certain regular meeting of the Nelson County Board of Supervisors ("Board of Supervisors") on November 13, 2025.

Substantially in Accord. The Siting Agreement states, inter alia, that, pursuant to Virginia Code Section 15.2-2316.9(C), by entering into the Siting Agreement, the Board of Supervisors acknowledged that the Project is deemed to be substantially in accord with the Nelson County Comprehensive Plan under Virginia Code § 15.2-2232.

Obligations. The Siting Agreement sets forth, inter alia, certain obligations of the Applicant to make certain payments to the County.

Siting Agreement Controls. This Memorandum does not supersede, modify, amend or otherwise change the terms, conditions or covenants of the Siting Agreement, and the County and Applicant executed and are recording this Memorandum solely for the purpose of providing constructive notice of the Siting Agreement and the County's and Applicant's rights thereunder. The terms, conditions and covenants of the Siting Agreement are incorporated into this Memorandum by reference as though fully set forth herein.

Counterparts. This Memorandum may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

WITNESS the following signatures and seals:

NELSON COUNTY, VIRGINIA

By: Candice W. McGarry

Name: Candice W. McGarry

Title: County Administrator

COMMONWEALTH OF VIRGINIA,
COUNTY OF Nelson, to-wit:

The foregoing Memorandum was acknowledged before me this 24th day of November, 2025, by Candice W. McGarry, County Administrator of Nelson County, Virginia.

Amanda B. Spivey
Notary Public

My Commission expires: 06/30/2026
Notary Registration Number: 8010648

AMANDA BRADLEY SPIVEY
NOTARY PUBLIC
REG. #8010648
MY COMMISSION EXPIRES 6/30/2026
COMMONWEALTH OF VIRGINIA

PINEY RIVER VA BESS 1 LLC,
a Delaware limited liability company

By: [signature]

Name: Michael Herbert

Title: Authorized Signatory

COMMONWEALTH OF VIRGINIA

COUNTY OF Arlington

The foregoing Memorandum was acknowledged before me this 19th day of November, 20 25, by Michael Herbert, Authorized Signatory [title], on behalf of PINEY RIVER VA BESS 1 LLC.

Andrea Hall
Notary Public

My Commission expires: 12/31/27

Notary Registration Number: 8064876

BOARD OF
SUPERVISORS

THOMAS D. HARVEY
North District

ERNIE Q. REED
Central District

JESSE N. RUTHERFORD
East District

J. DAVID PARR
West District

DR. JESSICA LIGON
South District

NELSON COUNTY
1807
VIRGINIA

CANDICE W. MCGARRY
County Administrator

AMANDA B. SPIVEY
Administrative Assistant/
Deputy Clerk

GRACE E. MAWYER
Director of Finance and
Human Resources

RESOLUTION R2025-79
NELSON COUNTY BOARD OF SUPERVISORS
APPROVAL OF BATTERY ENERGY STORAGE SYSTEM
SITING AGREEMENTS IN COLLEEN AND PINEY RIVER

WHEREAS, pursuant to and in accordance with the provisions of 15.2-2204 and 15.2-2316.8 of the code of Virginia, 1950 as amended, the Nelson County Board of Supervisors conducted a public hearing on November 13, 2025 to receive public input on two siting agreements, one with Piney River VA BESS 1, LLC, and one with Collen VA BESS 1, LLC, for two (2) 4MW battery energy storage systems to be constructed at Central Virginia Electric Cooperative "CVEC" substations in Colleen and Piney River; and

WHEREAS, the site plans were approved administratively as by right accessory uses to a public utility, so no special use permit approval is required; and

WHEREAS, these battery energy storage systems will benefit local CVEC customers by keeping rates down during peak usage periods;

BE IT RESOLVED, that the Nelson County Board of Supervisors hereby approves the siting agreements with Piney River VA BESS 1, LLC and Colleen VA BESS 1, LLC for the two (2) 4MW battery energy storage systems to be constructed at CVEC substations in Colleen and Piney River, and the County Administrator and County Attorney are hereby authorized to execute all documents related to both siting agreements.

Approved: November 13, 2025

Attest: Candice W. McGarry, Clerk
Nelson County Board of Supervisors

DATE: November 7, 2025

RE: **Agenda Item III. B. – November 13th BOS Meeting: Public Hearing on Battery Energy Storage Siting Agreements – Piney River & Colleen CVEC Locations**

Background: CVEC proposed to utilize battery energy storage systems to improve their electric grid resilience and provide higher quality and lower cost electricity to its local customers by integrating stored power into the grid during times of peak usage. CVEC received County Planning & Zoning approval of their site plans on August 1, 2025 to construct two (2) 4MW battery energy storage systems at their existing power substations in Colleen and Piney River. These were approved administratively as by right accessory uses to a public utility, pursuant to the Article 4 of the Code of Nelson County:

4-1-11
Public utilities generating, booster or relay stations, transformed substations, transmission lines with support structures, pipes, meters and other facilities for the provision and maintenance of public utilities, including railroads and facilities, water and sewerage installations, and water storage tanks.

4-1-12
Accessory uses as defined.

Accessory use or structure: A subordinate use or building customarily incidental to and located upon the same lot occupied by the main use or building

CVEC has contracted with Lightshift Energy, a utility-scale energy storage company headquartered in Arlington, VA. to develop and operate these facilities.

Lightshift representatives have advised that Siting Agreements are needed to be in place in order to finalize their financing and secure pricing on the battery purchases.

Siting Agreements: Per the State Code of Virginia §15.2-2316.7, §15.2-2316.8, §15.2-2316.9, the applicants Piney River VA BESS 1, LLC and Colleen VA BESS 1, LLC and the County may enter into a siting agreement as defined therein, the project is eligible for a siting agreement as described therein, and the applicants provided written notice to the County as described therein on March 25, 2025 of their intent to locate the projects in the County and negotiate a siting agreement.

The purpose of the siting agreement is so the applicant can make a voluntary payment to the County above and beyond its tax obligations called a “capital payment”, as a meaningful way to be a community partner and to mitigate potential impacts of the project pursuant to aforementioned State Code sections.

Pursuant to aforementioned State Code sections, once the parties agree to the terms of the agreement, the host locality shall schedule a public hearing for the purpose of consideration of the siting agreement.

After convening a committee of me, A. Spivey, D. Bishop, J. Ligon, and D. Parr and substitute legal counsel M. Popovich (Mr. Payne has a conflict as he is legal counsel for CVEC), staff has been working with LightShift Energy representatives to address the questions we had and include desired language. These primary points included:

- The inclusion of decommissioning language in Article 1 #6, pursuant to the referenced Memorandum of Lease Agreement in Exhibit D – Lease to be provided once finalized. Project is significantly smaller in scale than solar.

- The inclusion of language in Article III related to Emergency Response Training that they are working with the local fire department on the creation and implementation of an Emergency Response Plan. This plan will outline what Lightshift is responsible for such as if there is a deficiency in their response results in the local fire department needing to provide additional support beyond what would normally be required, they commit to reimbursing the fire department for the man-hours associated with the extra effort. LightShift is responsible for paying all of the costs of specialized training.

- Capital Payments- Each Siting Agreement (one-time payments):
    - $8,000 to be paid by applicant within 30 days of the Commercial Operations Date – expected to be in Q3 of 2026.
        - Per LightShift Energy, the $8,000 amount reflects the project's anticipated impacts, which are expected to be minimal, given its small scale and location. They applied a rate of $2,000/MW, which is how they arrived at $8,000 for both Piney River & Colleen which are 4 MW projects.

    - A $10,000 one-time payment to be paid to a community organization/agency of the County's choosing, upon ribbon cutting of the projects.

- Local Taxes: LightShift Energy is working with Kim Goff to confirm how the County will assess these projects. Based on applying the M&T tax rate, they estimate the annual tax will average approximately $8,000–$9,000/year.

- Substitute legal counsel M. Popovich has reviewed the amended Agreements and he has no legal issues with them as drafted. He did question how the proposed capital payments were derived; which is noted above.

Staff Recommendation: Adopt proposed **Resolution R2025-79** to approve the siting agreements with Piney River VA BESS 1, LLC and Colleen VA BESS 1, LLC. This is a small project in scope compared to utility solar, the use is by-right so there is no Special Use Permit approval required, and it will benefit local CVEC customers by keeping rates down during peak usage periods.

Date: September 8, 2026

Re: Admissions Tax Committee Follow-Up and Recommendation

The Admissions Tax Committee met on August 19, 2026 to further discuss admissions tax options in Nelson County. Staff presented a draft ordinance for a voluntary event contribution program, which would allow event organizers to opt to collect donations for Nelson County Public Schools at ticket checkout, rather than implementing a mandatory admissions tax that could deter large events from coming to the county. Several committee members discussed concerns that a 10% admissions tax would be detrimental to live events and could drive away potential events and promoters who are currently considering Nelson County, as well as events already occurring in Nelson which could subsequently cause decreases in revenues already being generated through meals tax, sales tax, transient occupancy tax and business revenue for local operators. It was also noted that should the County choose to implement a mandatory admissions tax, it would require a significant lead time due to already scheduled events.

The group also discussed implementation details for the voluntary event contribution program, including tracking mechanisms, reporting requirements, and how to ensure participation across various event types and venues beyond Oak Ridge and Lockn' Farm. The committee agreed to recommend a 3-5 year trial period for the voluntary contribution program, with the understanding that it would need to be promoted widely across all event venues throughout the county. Staff would need to determine the mechanism for tracking and reporting voluntary contributions, including who receives the funds and how they are remitted. Additionally, the event permit application could possibly be amended to include information about the voluntary event contribution program.

The draft ordinance for the Voluntary Event Contribution Program states that the purpose is to encourage voluntary financial support for Nelson County Public Schools through contributions collected in connection with ticketed events conducted within Nelson County. Participation in the program is voluntary and any organizer, promoter, venue operator, or seller of admissions to an event may elect to participate in the program. A participating event organizer may provide ticket purchases with the opportunity to make a voluntary contribution to support Nelson County Public Schools at the time of ticket purchase. The contribution shall be separately stated from the admission price; shall be clearly identified as voluntary; may be presented as a fixed amount, percentage, or purchaser-selected contribution; and shall not be required as a condition of admission.

The draft ordinance states that voluntary contributions collected shall be remitted by event organizers within 30 days following the conclusion of the event. Participating organizers shall provide a summary report identifying the event name and date; total admissions sold; total voluntary contributions collected; and the amount being remitted. Funds collected shall be used exclusively for the benefit of Nelson County Public Schools and shall be deposited into a dedicated account established by the County for educational purposes.

Since the voluntary event contributions would not be tax revenue collected by the Commissioner of Revenue, consideration should be given to having the funds remitted to Nelson County via the County’s Finance Department.

Under Virginia Code § 58.1-3818, an admissions tax is a government-imposed tax that must be collected and remitted by ordinance. A voluntary contribution added during ticket sales is not a tax and should not be administered through the admissions tax ordinance. The statute authorizes counties to levy a tax of up to 10% on admissions to events.

Recommendation: Replace the proposed admissions tax ordinance with a Voluntary Educational Support Contribution Program that allows event organizers to participate voluntarily.

Draft Ordinance

Chapter 2

New

Secs. 2-182-2-190. – Reserved.

Article VIII. - Voluntary Event Contribution Program

Sec. 2-191. Purpose.

The purpose of this article is to encourage voluntary financial support for Nelson County Public Schools through contributions collected in connection with ticketed events conducted within Nelson County.

Sec. 2-192. Voluntary Participation.

Participation in this program shall be entirely voluntary. Any organizer, promoter, venue operator, or seller of admissions to an event may elect to participate in the program.

Sec.2-193. Optional Contribution.

A participating event organizer may provide ticket purchasers with the opportunity to make a voluntary contribution to support Nelson County Public Schools at the time of ticket purchase.

Such contribution:

1. Shall be separately stated from the admission price;
2. Shall be clearly identified as voluntary;
3. May be presented as a fixed amount, percentage, or purchaser-selected contribution;
4. Shall not be required as a condition of admission.

Sample disclosure language:

"Support Nelson County Public Schools with a voluntary contribution. This contribution is optional and is not required for admission."

Sec. 2-194. Remittance.

Contributions collected pursuant to this article shall be remitted by participating event organizers to Nelson County, or to such educational foundation or school-support organization as may be designated by the Board of Supervisors, within thirty (30) days following the conclusion of the event.

Sec. 2-195. Reporting.

Participating organizers shall provide a summary report identifying:

1. Event name and date;
2. Total admissions sold;
3. Total voluntary contributions collected; and
4. Amount remitted.

Sec. 2-196. Use of Funds.

Funds collected under this article shall be used exclusively for the benefit of Nelson County Public Schools and shall be deposited into a dedicated account established by the County for educational purposes.

Sec. 2-197. No Tax Imposed.

Nothing in this article shall be construed as imposing an admissions tax or any mandatory fee upon admissions to events. All contributions authorized herein are voluntary and made solely at the election of the purchaser and participating event organizer.

Additional Recommendation

If the Board's goal is to support schools while avoiding a new tax, the most effective approach may be to create a "Support Nelson Schools" event partner program and encourage major festivals, concerts, races, and winery events to add an optional $1, $2, $5, or custom donation during online ticket checkout. Most ticketing platforms (Eventbrite, Humanitix, TicketSpice, SimpleTix, etc.) already support this functionality, making administration much easier than creating a county tax collection system.

This approach would likely be more acceptable to event organizers, avoid enforcement and reporting burdens associated with a tax ordinance, and allow the Board to promote school funding without imposing a mandatory admissions tax.

HOSPITALITY
Two Logan Square · Suite 550 · Philadelphia, PA · 19103
100xhospitality.com

August 17, 2026

Nelson County Board of Supervisors
c/o Clerk to the Board
P.O. Box 336, Lovingston, VA 22949

Re: Proposed admissions tax on large-scale events in Nelson County

Dear Members of the Board:

I am writing on behalf of 100x Hospitality regarding the proposed 10% admissions tax on ticketed events in Nelson County, and regarding the alternative the committee has put forward for your consideration at the August 19 meeting.

We support the committee's recommendation. The Voluntary Event Contribution Program described in the draft ordinance is a workable, well-designed solution, and 100x Hospitality commits to participating in it if the Board adopts it.

Let me explain why this distinction matters so much from an operator's seat.

100x Hospitality produces and operates live events across a wide range of formats and genres in markets throughout the country. A 10% admissions tax applies to gross ticket revenue, so it comes off the top before a single production cost is covered. Event budgets in this business run on margins in the low single digits, and ticket prices are set nine to twelve months ahead based on what a market will bear. There is no practical way to pass a 10% levy to the guest without pricing the event out of its own audience, and no way to absorb it without eliminating the margin that makes the event worth producing. At the maximum rate the statute allows, our Nelson County events would move from thin to negative, and we would have to seriously reevaluate whether we can continue programming in the county.

That outcome would carry a cost the county should weigh against the projected revenue. In 2025 alone, our events in Nelson County generated approximately:

- 20,000+ attendees, 85% attended from out of state.
- 1,700 hotel rooms nights across 7 properties
- Estimated 50% of attendees spent $101-$250 at local stores
- Total local spend estimate $2.5M $3M
- Food, Beverage, TOT Tax Estimated $253,000
- $270,000 on staffing regional medical, police, and fire professionals

- $30,000 donation to Nelson County Public Schools directly supporting academic, arts, career & technical education, and student scholarship funds - we currently have a $5 fee on all ticket purchases, which will be used for a donation to Nelson County Public Schools following this year's event.

If large events stop coming to Nelson County, the county collects 10% of nothing, and it also loses the lodging tax, meals tax, sales tax, and local payroll those events currently generate. The revenue projection behind the tax proposal only holds if the events it taxes continue to happen. We also want to flag a structural concern. This tax would apply to every promoter and every event type equally, which means its effect reaches well beyond any single festival on the current calendar. Nelson County competes directly with neighboring Virginia localities for this business, and event producers are highly mobile. A 10% admissions tax would make Nelson County an expensive place in the Commonwealth to stage an event, and that reputation tends to outlast the policy that created it.

The voluntary program avoids these problems entirely, and we think it can outperform the tax on the metric the Board cares about, which is dollars into Nelson County Public Schools. If the Board adopts the ordinance as drafted, 100x Hospitality will implement the contribution for our future events.

Thank you for your consideration.

Sincerely,

Dan Berkowitz

Dan Berkowitz
Chief Executive Officer
100x Hospitality

cc: Reagan Thompson

Draft of 2/25/26

Sec. 11-195. Admissions Tax.

(a) Pursuant to Section 58.1-3818 of the Code of Virginia, an admissions tax of 10% is hereby levied on the amount paid for admission to any below-described event occurring in Nelson County, which tax is to be added to and collected by the seller along with the price of admission or other charge.

(b) For the purpose of this Article, an "event" subject to the tax on the charge paid for admission shall mean admission to any performance, exhibition, entertainment, or other occurrence, affair, or occasion, whether occurring sporadically or on a regular basis, for any activity having or projecting more than 2,000 attendees daily or over multiple consecutive days, for which an admission fee or cover charge is required to allow entry, attendance, or other participation.

(c) If any person is admitted free to any event at any time when an admission charge is made to other persons, an equivalent tax shall be levied and shall be collected based on the price charged to such other persons of the same class for the same or similar accommodations, such tax to be paid by or on behalf of the person so admitted.

Sec. 11-96. Exclusions.

No admissions tax shall be levied on:

(a) Admissions charged for attendance at any non-profit event, the gross receipts of which go wholly to charitable purpose or purposes; or

(b) Admissions charged for attendance at public or private elementary, secondary, and college-sponsored events, including events sponsored by school-recognized organizations; or,

(c) Admissions charges of one dollar ($1.00) or less; or,

(d) Admissions charged to participants in order to participate in sporting events, such as skating, skiing, and racing.

Sec. 11-197. Collection of Admissions Tax; Records.

(a) Every seller of admission to an event with respect to which the admission tax is levied under this article shall collect the amount of tax imposed from the purchaser on whom the same is levied at the time payment for such admission becomes due and payable. The amount of tax shall be added to the cost of admission by the seller. Such taxes collected by the seller shall be held in trust until remitted to the county.

(b) Every seller of admissions with respect to which a tax is levied shall make out a return upon such forms and setting forth such information as the Commissioner of Revenue may prescribe and require, showing the amount of admissions collected and the tax required to be collected, and shall sign and deliver such return to the Treasurer with a remittance of such tax. The return and remittance shall be made on or before the twentieth (20th) day of each month, covering the amount of tax collected during the preceding month.

(c) Every seller of admissions shall keep and preserve for a period of three years records showing the purchases for events and identifying the price charged against each purchaser with respect to each admission and shall make such records available to the Commissioner of Revenue upon request.

Sec.11-198. Procedure upon Failure to Collect, Report, etc. Taxes.

(a) It shall be the duty of the Commissioner of Revenue to ascertain the name of every person conducting a taxable event, liable for the collection of the tax hereby levied, who fails, refuses, or neglects to collect the tax or make, within the time prescribed in this article, the required reports or remittances.

(b) The Commissioner of Revenue may proceed by warrant or summons against each such person in the manner provided by law.

(c) If any person whose duty it is to collect and remit the tax imposed by this article should fail to do so within the time and in the amount specified, there shall be added to such tax a penalty in the amount of ten per cent (10%) if the failure is for not more than thirty days, with an additional ten per cent (10%) for each additional thirty days or fraction thereof during which the failure continues, not to exceed twenty-five per cent (25%) in the aggregate.

Sec. 11-199. Determination.

All determinations concerning the classification of events shall be made by the Commissioner of Revenue. A request for a determination shall be made in writing on forms approved by the Commissioner.

Sec. 11-200. Violation of Article.

Any person violating or failing to comply with any provisions of this article shall be guilty of a Class One Misdemeanor. Each violation or failure to comply with this article shall constitute a separate offense. Conviction for such violation shall not relieve any person from the payment, collection, or remittance of the tax imposed in this article.

Code of Virginia
Title 58.1. Taxation
Chapter 38. Miscellaneous Taxes

§ 58.1-3818. Admissions tax in counties.

A. Any county, except as provided in subsection C, is hereby authorized to levy a tax on admissions charged for attendance at any event. The tax shall not exceed 10 percent of the amount of charge for admission to any such event. Notwithstanding any other provisions of law, the governing bodies of such counties shall prescribe by ordinance the terms, conditions, and amount of such tax and may classify between events conducted for charitable purposes and events conducted for noncharitable purposes.

B. Notwithstanding the provisions of subsection A, localities may, by ordinance, elect not to levy an admissions tax on admission to an event, provided that the purpose of the event is solely to raise money for charitable purposes and that the net proceeds derived from the event will be transferred to an entity or entities that are exempt from sales and use tax pursuant to § 58.1-609.11.

C. No tax under this section shall be authorized in any county in which a state sales and use tax, in addition to the taxes authorized pursuant to §§ 58.1-603 and 58.1-604, is imposed at a rate of at least one percent, a portion of which is dedicated to the promotion of tourism.

Code 1950, § 58-404.2; 1971, c. 212; 1977, c. 573; 1978, c. 432; 1984, c. 675; 1995, c. 201; 1998, cc. 150, 532; 1999, c. 986; 2001, c. 485; 2003, cc. 757, 758; 2005, c. 106; 2007, c. 813; 2020, cc. 1214, 1263.

Table 9 Meals, Transient Occupancy, Cigarette, and Admissions Excise Taxes, 2025

Locality	Cigarette Tax (20 Pack)	Cigarette Tax (25 Pack)	Cigarette Tax (30 Pack)	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel Motel) Tax (%)	Admissions Tax (%)
Cities						
Bristol	25¢			10.0	15.0	7.0
Charlottesville	55¢	69¢	83¢	7.0	9.0	0.0
Chesapeake	13¢	16.5¢	19.5¢	6.0	8.0	10.0
Covington	30¢	37.5¢	45¢	8.0	6.0	0.0
Danville				6.5	8.0	
Emporia						
Fairfax	85¢	85¢	85¢	4.0	4.0	0.0
Falls Church	85¢	85¢	85¢	4.0	3.0	10.0
Franklin	70¢	70¢	70¢	8.0	8.0	0.0
Fredericksburg						
Galax	0¢	0¢	0¢	7.5	8.0	0.0
Hampton	85¢	85¢	85¢	7.5	8.0	10.0
Harrisonburg	30¢	30¢	30¢	7.0	7.0	5.0
Hopewell	40¢			6.0	8.0	
Lexington	25¢			6.0	8.0	
Lynchburg	35¢	0¢	0¢	6.5	6.5 plus $1 per night	7.0
Manassas	65¢	0¢	0¢	4.0	8.0	0.0
Newport News						
Norfolk	95¢			6.5	9.0	10.0
Norton						
Petersburg	18¢	22.5¢	27¢	7.0	10.0	5.0
Poquoson						
Salem	45¢	56¢	68¢	6.0	8.0	7.0
Staunton	30¢	30¢	30¢	7.0	6.7	0.0
Suffolk	75¢	0¢	0¢	6.5	8.0	10.0
Virginia Beach	75¢	93¢		6.0	9.0	10.0 & 5.0
Waynesboro	30¢	30¢	30¢	7.0	6.0	0.0
Williamsburg	40¢			5.0	5.0	0.0
Winchester	50¢	50¢	50¢	6.5	8.0	5.0
Tax rates for cities:						
Unweighted mean	48.9¢	42.2¢	41.6¢	6.3	7.3	4.2
Median	42.5¢	33.8¢	30.0¢	6.5	8.0	5.0
Counties						
Accomack	40¢			5.0	5.0 & 2.0	0.0
Albemarle	40¢			6.0	9.0	0.0
Alleghany				6.0	5.0	
Amelia				0.0	0.0	0.0

Locality	Cigarette Tax (20 Pack)	Cigarette Tax (25 Pack)	Cigarette Tax (30 Pack)	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel Motel) Tax (%)	Admissions Tax (%)
Amherst	50¢	0¢	0¢	6.0	5.0	
Appomattox	0¢	0¢	0¢	0.0	2.0	0.0
Arlington	40¢	50¢		5.0	8.3	
Augusta		30¢		6.0	6.0	
Bath						
Bedford	0¢	0¢	0¢	4.0	7.0	0.0
Botetourt						
Brunswick					5.0	
Buchanan						
Buckingham					2.0	
Campbell				4.0	2.0	
Caroline	40¢	50¢	60¢	4.0	5.0	0.0
Carroll						
Charlotte	0¢	0¢	0¢	0.0	0.0	0.0
Chesterfield						
Clarke						
Craig	40¢	40¢	40¢	4.0	5.0	
Culpeper						
Cumberland				5.0	5.0	5.0
Dickenson					2.0	
Dinwiddie	0¢	0¢	0¢	4.0	8.0	4.0
Fairfax	40¢	40¢	40¢	0.0	4.0	0.0
Fauquier	40¢			6.0	2.0	
Floyd				4.0	5.0	
Fluvanna						
Franklin	0¢			4.0	7.0	0.0
Frederick				4.0	3.5	
Giles					5.0	
Gloucester	0¢	0¢	0¢	4.0	5.0	0.0
Goochland	0¢	0¢	0¢	0.0	2.0	0.0
Grayson	0¢	0¢	0¢	0.0	8.0	0.0
Greene						
Greensville	0¢	0¢	0¢	4.0	5.0	0.0
Henrico	0¢	0¢	0¢	4.0	8.0	0.0
Henry				6.0	5.0	
Highland	0¢	0¢	0¢	0.0	5.0	0.0
Isle of Wight	0¢	0¢	0¢	6.0	5.0	0.0
James City						
King & Queen						
King George	40¢			4.0	5.0	0.0
King William	4¢			4.0	7.0	0.0

Locality	Cigarette Tax (20 Pack)	Cigarette Tax (25 Pack)	Cigarette Tax (30 Pack)	Meals (Restaurant) Tax (%)	Transient Occupancy (Hotel Motel) Tax (%)	Admissions Tax (%)
Lee	0¢	0¢	0¢	5.0	5.0	0.0
Loudoun	40¢	50¢	60¢	0.0	8.0	0.0
Louisa				4.0	7.0	
Lunenburg	0¢	0¢	0¢	0.0	0.0	0.0
Madison	40¢	40¢	40¢	4.0	5.0	0.0
Mathews						
Mecklenburg	0¢	0¢	0¢	0.0	5.0	0.0
Middlesex	40¢	50¢	60¢	4.0	5.0	0.0
Montgomery	40¢			4.0	3.0	
Nelson				4.0	7.0	
New Kent	0¢	0¢	0¢	6.0	2.0	0.0
Nottoway					2.0	
Orange				4.0	2.0	
Patrick	10¢			4.0	5.0	0.0
Pittsylvania				6.0	4.0	
Powhatan	0¢	0¢	0¢	0.0	5.0	0.0
Prince George				4.0	7.0	
Prince William	40¢	40¢	40¢	4.0	8.0	0.0
Pulaski	40¢	40¢	40¢	4.0	5.0	0.0
Rappahannock	40¢	50¢	60¢	4.0	4.0	0.0
Roanoke	25¢	25¢	25¢	4.0	7.0	5.0
Rockbridge		25¢		6.0	10.0	6.0
Shenandoah	40¢				5.0	
Southampton	0¢	0¢	0¢	4.0	2.0	0.0
Spotsylvania						
Stafford	40¢			6.0	11.0	0.0
Surry	0¢	0¢	0¢	6.0	0.0	0.0
Sussex						
Tazewell		25¢		4.7	5.0	
Warren	0¢	0¢	0¢	4.0	5.0	0.0
Washington					7.0	10.0
Wise						
Wythe				6.0	5.0	10.0
York	50¢			4.0	5.0	0.0
Tax rates for counties:						
Unweighted mean	19.5¢	16.3¢	15.5¢	3.7	4.9	1.0
Median	7.0¢	0.0¢	0.0¢	4.0	5.0	0.0
Towns						
Rocky Mount	10¢	10¢	10¢	6.0	7.5	0.0

September 15, 2026

VI B

(1) New Vacancies/Expiring Seats & New Applicants :					
Board/Commission	**Term Expiring**	**Term & Limit Y/N**	**Incumbent**	**Re-appointment**	**Applicant(s)**
MACAA Board of Directors	6/30/2026	3 year term/No limits	Ann Mische	N	Advertising
N.C. Library Advisory Committee - North District	6/30/2026	4 year term/No limits	Jennifer Page	N	Advertising
Board of Building Code Appeals	6/30/2026	4 year term/No lmits	Robin Meyer	N	Randolph Campbell
(2) Existing Vacancies:					
Board/Commission	**Term Expiration**	**Term & Limit Y/N**	**Incumbent**	**Re-appointment**	**Applicant(s)**
Board of Zoning Appeals - alternate	3/30/2025	5 year term/No limits	Mary Cunningham	N	Philippa Proulx
Board of Zoning Appeals - PC member	11/1/2029	5 year term/No limits	Philippa Proulx	N - Not on PC	Mike Harman
Thomas Jefferson Area Community Criminal Justice Board	6/30/2026	3 years/2 term limit	Mark Stapleton	N - resigned	Advertising
Ag & Forestal District Advisory Committee - Producer	5/13/2027	4 year term/ 3 term limit	Andy Wright	N - resigned	Advertising

NELSON COUNTY BOARDS AND COMMISSIONS APPLICATION FORM

Subject: Appointments - Statement of Interest Form

Completing this form is one way to indicate your interest in being considered for appointment to some of the Boards, Commissions and Committees appointed by the Board of Supervisors. All appointments remain at the discretion of the Board of Supervisors.

Please complete and mail this form to:

Nelson County Board of Supervisors
Attention: Candice W. McGarry, Clerk of Board
Post Office Box 336
Lovingston, VA 22949

or fax to (434) 263-7004 or email aspivey@nelsoncounty.org

Date 11 Aug 2026

Mr. ✓ Mrs. ____ Ms. ____

Name: Randolph A Campbell

List a maximum of three (3) Boards on which you are interested in serving.

1. Board of Building Code Appeals
2. Nelson County Service Authority
3. Nelson County Planning Commission

Home Address: 9707 Critzer's Shop Rd.
Afton, VA 22920

Occupation: Facilities Manager Licensed Trades Employed by: The University of Virginia

Home Phone No. [redacted] Business Phone No. [redacted]

Fax No.: – E-Mail Address: [redacted]

Do you live in Nelson County? Yes ✓ No ____

Are you currently a member of a County Board, Commission, Committee or Authority? Yes____ No ✓

If yes, list the Board(s):

____

____

What talent(s) and/or experience can you bring to the Board(s)?

Certified Education Facilities Professional CEFP
Facilities Management Professional FMP, Certified Six Sigma
40+ years Construction and Facilities Management,
Licensed Trades Manager

What do you feel you can contribute to the Board(s) and to the community that may not be evident from information already on this form?

Knowledge of trades, Team Collaboration, Facilities and
Operations Leadership, Infrastructure Reliability, Asset
Life cycle Management, Capital Planning, Regulatory Compliance

Please use this space for any additional information you would like to provide:

Safety Champion, Staff Senator, Apprenticeship Advisory
Board, Industry Lecturer Presenter,
USAF protested Veteran

A resume or separate sheet with additional information may be included.

ATTENDANCE REQUIREMENTS
Section 2-153, Absences, Chapter 2, Administration, Article V. Appointments for Boards and Commissions of the Nelson County Code, an appointee of the Board of Supervisors who either (a) fails, during a calendar year, to attend seventy-five percent of the regular meetings of the board or commission of which he/she is a member, or (b) is absent for three consecutive regular meetings, shall be deemed to have tendered his/her resignation from such position. The Board of Supervisors may accept such resignation by appointing another person to fill the position.

In light of the above, will you be able to attend at least 75% of the regular meetings of the boards to which you may be appointed?

Yes ✓ No ____

Cover Letter

Randolph A. Campbell, FMP, CEFP, LSSGB
Afton, Virginia
[redacted]

Throughout more than 40 years in facilities management, construction, maintenance, infrastructure reliability, and operational leadership—and nearly three decades serving the University of Virginia—I have built a reputation for leading high-performing teams, supporting mission-critical research facilities, and delivering operational excellence in complex and highly regulated environments.

Currently, as Facilities Licensed Trades Manager for UVA's Southwest McCormick Zone, I lead multidisciplinary teams responsible for approximately $790 million in facilities assets that support nearly $480 million in research activities. My responsibilities encompass strategic planning, infrastructure reliability, preventive and predictive maintenance programs, emergency response coordination, regulatory compliance, capital improvements, contractor management, and operational readiness for some of the University's most critical research facilities.

A significant portion of my career has been dedicated to supporting laboratory and research environments where environmental controls, equipment reliability, utility continuity, and rapid response capabilities are essential to mission success. I have worked closely with researchers, Environmental Health & Safety professionals, Facilities Management personnel, contractors, and university leadership to ensure laboratory operations remain safe, compliant, and fully supported. I have also provided facilities support for animal research environments, including the Gilmer Addition vivarium and associated research facilities, helping ensure operational continuity and infrastructure reliability in support of UVA's research mission.

Throughout my career, I have successfully implemented Lean Six Sigma methodologies, 5S workplace organization, benchmarking initiatives, and industry best practices to improve productivity, safety, accountability, and customer service. I am known for building strong relationships across departments, solving complex technical challenges, mentoring employees, and creating cultures centered on safety, professionalism, and continuous improvement. These leadership qualities have also been demonstrated through my service as a Safety Champion, Staff Senator, Employee Council member, Apprenticeship Advisory Board Chair, lecturer, presenter, and mentor.

My credentials as a Facility Management Professional (FMP), Certified Educational Facilities Professional (CEFP), Lean Six Sigma Green Belt (LSSGB), and licensed HVAC Journeyman complement extensive hands-on experience managing complex facilities, supporting critical research infrastructure, and leading large operational initiatives.

I am enthusiastic about the opportunity to contribute to Nelson County's Boards and Commission's mission and to support the County's enterprises. I would welcome the opportunity to discuss how my leadership experience, facilities expertise, and commitment to operational excellence can help advance the goals of County.

Thank you for your consideration.

Sincerely,

Randolph A. Campbell, FMP, CEFP, LSSGB

Randolph Campbell

FMP, CEFP, LSSGB

Experience

Mar 2016–Present
Facilities Licensed Trades Manager • SW. McCormick Zone
The University of Virginia

Nov 2011–Mar 2016
Licensed Trades Supervisor • SW. McCormick Zone
The University of Virginia

July 1997–Nov 2011
HVAC I&R Technician and Project Manager• HSPP
The University of Virginia

I maintain the critical research facilities at the Sciences and Engineering Community of The University of Virginia. In this role, I lead a team of professional trades men and women who work collaboratively to ensure $790 Million of assets which houses roughly $480 Million of research, are properly maintained and meet the needs of the organization's employees and clients. I have implemented 5S Methodology, Process Improvement, Lean Six Sigma, Industry Best Practice and Benchmarking within my organization.

Education

The University of Virginia, Charlottesville, Va.
- Project Management GPA 4.0

James Madison University, Harrisonburg, Va.
- Lean Six Sigma Green Belt GPA 4.0

Piedmont Virginia Community College, Charlottesville, Va.
- Project Management, Job Costing and Estimating
- Advanced HVAC&R and Diagnostics and HVAC Code Update

Certification

- Certified Educational Facilities Professional (CEFP)
- Facility Management Professional (FMP)
- Certified Lean Six Sigma Green Belt (LSSGB)
- HVAC Journeymen's Trades License Number-2710046167

Communication

Industry Innovator/ Lecturer/Presenter-Critical Facilities Summit, APPA, IFMA, NFMT, Workplace Evolutionaries,

Leadership

I have recently served as Staff Senator and Employee Council Member. Safety Champion, Apprenticeship Consultant/ Mentor/ and Advisory Board Chair

USAF Protected Veteran

References

[Available upon request.]

Contact

151 ENGINEERS WAY
CHARLOTTESVILLE, VA
22904

[redacted]

[redacted]

LOCAL BOARD OF BUILDING CODE APPEALS

NAME & ADDRESS	TERM ENDING
R. Carlton Ballowe (Former Builder) 1 Mosby Lane Faber, VA 22938 434-996-7796 (W) catbalu1@aol.com	JUNE 30, 2028
Jason K. Taylor (Cabinetry) 2149 North Fork Road Montebello, VA 24464 (434) 263-6001	JUNE 30, 2028
Ben Butler (Builder) 81 Bryant Mountain Rd. Roseland, VA 22967 (434) 531-8888 caplerhomes@msn.com	JUNE 30, 2028
Robin Meyer (Architect) 15 Orchard Rd. Charlottesville, VA 22903 (434) 987-4112 robinmeyer32@gmail.com	JUNE 30, 2026
Robert L. Yoder (Architect) 80 Tuckahoe Lane Nellysford, VA 22958 (757) 675-1449 BobYoderArchitect@gmail.com	JUNE 30, 2030

LOCAL BOARD OF BUILDING CODE APPEALS

Establishment:

Established per Section 36-105, of the Code of Virginia, 1950 as amended and Section 119 of the Virginia Uniform Statewide Building Code effective March 1, 2011 and Ordinance O2011-05 adopted August 9, 2011

Term:

Four year terms except for the first three initial appointees' terms shall expire on June 30, 2012. The remaining two appointees' terms shall expire June 30, 2014. Members may be re-appointed without limitation. A member appointed to fill a vacancy shall serve the unexpired term of the member being replaced. At the request of the Board of Supervisors, a serving member may sit beyond the expiration of his term until such time as his successor may be appointed; however, the successor's term shall not be extended by such delay.

Composition:

Members of the LBBCA shall be selected by the Board of Supervisors on the basis of their ability to render fair and competent decisions regarding application of the USBC and shall to the extent possible, represent different occupational or professional fields relating to the construction industry. At least one member should be an experienced builder; at least one member should be a licensed architect or professional engineer, and at least one member should be an experienced property manager. Employees and officials of the locality shall not serve as members of the LBBCA.

Summary of Duties:

To rule on disagreements between the local enforcers of the Virginia Statewide Fire Prevention Code ("the SFPC") or the Virginia Uniform Statewide Building Code ("the USBC") and those persons being regulated under the codes. The power of the local board of appeals is to, when presented with an appeal, rule on the application of the SFPC or USBC by the enforcing agency or to rule on the enforcing agency's denial of a modification request. In exercising these powers, the local board of appeals may reverse or affirm, wholly or partly, or modify any decision under review as well as to determine whether an appeal is properly before them

Meetings:

The LBBCA shall meet at least once annually to assure a duly constituted board, appoint officers as necessary, and receive such training on the USBC as may be appropriate or necessary from staff of the locality. Members are compensated $75 per meeting.

NELSON COUNTY BOARDS AND COMMISSIONS APPLICATION FORM

Subject: Appointments - Statement of Interest Form

Completing this form is one way to indicate your interest in being considered for appointment to some of the Boards, Commissions and Committees appointed by the Board of Supervisors. All appointments remain at the discretion of the Board of Supervisors.

Please complete and mail this form to:

Nelson County Board of Supervisors
Attention: Candice W. McGarry, Clerk of Board
Post Office Box 336
Lovingston, VA 22949

or fax to (434) 263-7004 or email aspivey@nelsoncounty.org

Date 8/4/26

Mr. ____ Mrs. ____ Ms. ✓

Name: PHILIPPA PROULX

List a maximum of three (3) Boards on which you are interested in serving.

1. BOARD OF ZONING APPEALS
2.
3.

Home Address: 950 AVON RD
APTON VA 22920

Occupation: BUS. MANAGER Employed by: NORTH BRANCH SCHOOL - PART TIME

Home Phone No. 540 456 6877 Business Phone No. - -

Fax No.: — E-Mail Address: PROULX@LUMOS.NET

Do you live in Nelson County? Yes ✓ No ___

Are you currently a member of a County Board, Commission, Committee or Authority? Yes ___ No ✓

If yes, list the Board(s):

What talent(s) and/or experience can you bring to the Board(s)?

ABOUT 35 YEARS ON PLANNING COMMISSION
YEAR AND A HALF ON BZA

What do you feel you can contribute to the Board(s) and to the community that may not be evident from information already on this form?

Please use this space for any additional information you would like to provide:

A resume or separate sheet with additional information may be included.

ATTENDANCE REQUIREMENTS
Section 2-153, Absences, Chapter 2, Administration, Article V. Appointments for Boards and Commissions of the Nelson County Code, an appointee of the Board of Supervisors who either (a) fails, during a calendar year, to attend seventy-five percent of the regular meetings of the board or commission of which he/she is a member, or (b) is absent for three consecutive regular meetings, shall be deemed to have tendered his/her resignation from such position. The Board of Supervisors may accept such resignation by appointing another person to fill the position.

In light of the above, will you be able to attend at least 75% of the regular meetings of the boards to which you may be appointed?

Yes ✓ No ___

BOARD OF ZONING APPEALS

Board Appoints & Recommends Certification by the Circuit Court

Name & Address	Term Expiration Date
Angela Jones 148 Miles Lane Faber, VA 22938 H 434-995-9441 ajjones9267@gmail.com	November 11, 2026
Mary Kathryn Allen 7763 Richmond Hwy. Gladstone, VA 24553 H (434) 942-7965 mkdallen01@gmail.com	November 9, 2028 (appointed 3-10-26)
W. Jerrold Samford 302 Bellevette Place Arrington, VA 22922 (804) 314-7291 jerry.samford@troutman.com	November 11, 2027
VACANT (Active PC Member)	November 1, 2029
Shelby Bruguiere 1339 Stoney Creek West Nellysford VA 22958 540-456-6778 (H) Shelby@DickieBros.com	November 10, 2030
VACANT (Alternate)	March 30, 2025

BOARD OF ZONING APPEALS

Board Recommends Appointment to the Circuit Court.

Established: by Article 14 of the Nelson County Code,

Composition: 5 members and an alternate recommended by the BOS and appointed by the Nelson Circuit Court, 1 of which is an active Planning Commission member.

Term of Office: 5 years; No Term Limits

Summary of Duties:
To hear and decide applications for Special Use Permits where authorized by Ordinance including deciding interpretation of the district map where there is uncertainty as to location or boundary. To authorize upon appeal in specific cases such variance from the terms of the ordinance as will not be contrary to public interest.

Meetings:
Meetings are held at the call of the Chairman or at such times as a quorum of the board may determine. Members serve on a volunteer basis without pay other than for travel expenses.

Closed Session Form Motion

1. Motion to Convene in Closed Session

FORM MOTION FOR CONVENING CLOSED MEETING

"I move that the Nelson County Board of Supervisors convene in closed session to discuss the following as permitted by Virginia Code Sections 2.2-3711-

(A)(8) - "Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. Nothing in this subdivision shall be construed to permit the closure of a meeting merely because an attorney representing the public body is in attendance or is consulted on a matter."

2. Conduct Closed Session

3. Motion to Reconvene in Public Session

4. Motion to Certify Closed Session

CERTIFICATION MOTION AFTER RECONVENING IN PUBLIC SESSION:
(Requires recorded roll call vote)

"I move, pursuant to the requirements of Chapter 37, Virginia Freedom of Information Act and Section 2.2-3712 of the Code of Virginia, that the Nelson County Board of Supervisors certify that to the best of each member's knowledge (i) only public business matters lawfully exempted from open meeting requirements under this chapter and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body."