MARTINSVILLE CITY COUNCIL & MARTINSVILLE HOUSING AUTHORITY

Tuesday, September 16, 2025

Martinsville's Vision

Martinsville is a thriving, full-service city centrally located in southern Virginia, offering excellent education and superior quality of life in a picturesque setting while embracing inclusivity and opportunities to ensure a sustainable and fulfilling lifestyle to live, visit, and grow.

Martinsville's Mission

Martinsville City proudly promotes a safe, healthy, thriving community dedicated to delivering excellent services and meaningful public participation.

PRESIDING:	LC Jones, Mayor
CITY COUNCIL MEMBERS:	Kathy Lawson, Vice Mayor
	Julian Mei
	Rayshaun Gravely
	Aaron Rawls
STAFF:	Chief Robert Fincher, Interim City Manager
	Peyton Nibblett, Deputy City Clerk
	Law Offices of Sands Anderson, City Attorney

Martinsville
A CITY WITHOUT LIMITS

Closed Session - 5pm, Rm 226; Municipal Building

a. Call Open Session to Order and Discuss and Consider Motion to go into Closed Session - 5pm, Council Chambers; Martinsville Municipal Building

b. Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. For the purposes of this subdivision, "probable litigation" means litigation that has been specifically threatened or on which the public body or its legal counsel has a reasonable basis to believe will be commenced by or against a known party. 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. In regards to Retiree's Litigation.

c. Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected. In relation to Martinsville YMCA.

d. Return to Open Session and Motion for City Council Certification of Closed Session - 6pm, Council Chambers; Municipal Building

Work Session - 6pm, Council Chambers; Municipal Building

1. Briefings and Presentations

a. Public Works and Water Resources Departmental Update

2. Discuss Consent Agenda Items

a. Discuss and Consider August 26, 2025 City Council Meeting Minutes

Regular Session - 7pm, Council Chambers

3. Call to Order

4. Pledge to the American Flag

5. Invocation

a. Led by Pastor Avery Preston of Greater Love Ministries

6. Take Any Action Necessary as a Result of Closed Session

7. Consent Agenda

a. Discuss and Consider August 26, 2025 City Council Meeting Minutes

8. Presentations and Proclamations

a. Proclamation Honoring Week of September 17th - September 23rd as Constitution Week

b. Proclamation Honoring Week of September 18 through 22 as Adult Education and Family Literacy Week

c. Proclamation Honoring September as National Recovery Month

d. Update from Martinsville Blue Ridge Library

e. Davenport Presentation

9. Regular Agenda or New Business

a. Hold a Public Hearing concerning the intent of Martinsville City Council to authorize the issuance of General Obligation Bonds and Electric Utility Revenue Bonds for the purpose of financing improvements to the City's Electric Utility Facilities and Discuss and Consider Adoption of Resolution Approving Electric Utility System General Obligation and Revenue Bond to be Sold to the Virginia Resources Authority (VRA)

b. Hold a Public Hearing for Citizen Input of City and United Way Community Block Development Grant (CDBG) Application and Subsequently Discuss and Consider Approval of Request to Apply

c. Discuss and Consider Setting a Date for Interviews of Potential Board Appointments for Economic Development Authority

d. Discuss and Consider Setting a Date for Precinct 5 Community Meeting

e. Discuss and Consider Extending Charter Review Committee Terms to 12/31/2025

f. Discuss and Consider a request from West Piedmont Planning District Commission for the Martinsville Redevelopment & Housing Authority to transfer ownership of the property located at 922 Boden Street to WPPDC for the purpose of developing the property into a single-family three bedroom home

g. Discuss and Consider A Resolution Adopting PPEA Guidelines and Standards

10. City Hall Reporting & Announcements

a. ARPA Presentation

b. Events and Announcements

11. Communications from Visitors / Business from the Floor

Description: The purpose of City Council Meetings is to conduct the City's Business. City Council allows for public comment, limited to matters on which the Council has the power and authority to act and are not listed on the printed agenda. Participation: Citizens who wish to participate in a meeting's public comment period may do so by signing up at the podium at the entrance prior to the beginning of the meeting, emailing their comments to Peyton Nibblett, Deputy City Clerk, at pnibblett@martinsvilleva.gov, calling in their comments to 276-403-5196, or mailing comments to the City of Martinsville, attn.: Peyton Nibblett, Martinsville, VA 24114 (a.) Comments, or a request to speak, must be received by noon the day before a Council meeting for consideration by the Council at the meeting. (b.) Any person submitting comments or requesting to speak must identify themselves by name and address, including zip code. (c.) Remarks are to be limited to 3 minutes or less (as read aloud),address a topic of City business, and refrain from making any personal references or accusations of a factually false and/or malicious nature. (d.) Priority for comments is given to City residents, taxpayers, and business owners.(e.) Speakers may not yield time. f. Groups of speakers on the same topic must designate a single representative. Comments violating these rules may not be presented at the Council meeting. (g.) Any speaker violating these rules may be removed from the podium or from the Council Chamber. (h.) This policy does not apply to public hearings, at which any citizen of Martinsville may appear and speak on the subject of the public hearing.

12. **Comments by Members of City Council**

13. **Comments by City Manager**

14. **Adjournment**

August 26, 2025
Martinsville City Council
Meeting Minutes

5:00pm, Call Open Session to Order -
Martinsville Municipal Building; Council Chambers

A Closed-Session Meeting was held at Martinsville Municipal Building, on August 12, 2025 at 5:00 PM.

Council Members participating included Vice Mayor, Kathy Lawson; Julian Mei, Aaron Rawls; Rayshuan Gravely, and Mayor, LC Jones.

Call Open Session to Order: Mayor Jones called the meeting to order in Council Chambers and advised Council would go into Closed Session beginning at 5:00 PM. In accordance with the Code of Virginia, Title 2.2 Chapter 37, Freedom of Information Act and upon a motion by Council Member Lawson and seconded by Council Member Mei with the following 5-0 recorded vote:
Council Member Rawls, aye;
Council Member Gravely, aye;
Council Member Mei, aye;
Mayor Jones, aye;
Vice Mayor Lawson, aye;

Council convened in Closed Session to discuss the following matters:

a. 2.2-3711. (A7) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. In regards to the PSA Litigation, Retirees Litigation, Show-Cause Litigation, Workplace Investigation, and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

b. 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. In regards to legal advice regarding Workplace Investigation and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

c. 2.2-3711. (A1) 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; In regards to the Interim City Manager Contract and Salary.

5:00 PM, Closed Session -
Martinsville Municipal Building; Room 208

Council convened in Closed Session to discuss the following matters:

d. 2.2-3711. (A7) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. In regards to the PSA Litigation, Retirees Litigation, Show-Cause Litigation, Workplace Investigation, and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

e. 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. In regards to legal advice regarding Workplace Investigation and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

f. 2.2-3711. (A1) 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; In regards to the Interim City Manager Contract and Salary.

6 PM, Return to Open Session and Certification of Closed Session -
Martinsville Municipal Building; Council Chambers

With a Motion by Lawson and Second by Mei, City Council certifies that only those matters permitted by the Code of Virginia Sec. 2.2-3711 and specifically referenced in the motion to enter closed session were discussed during the closed session. Approved with the following 5-0 vote:

Councilman Rawls, aye;
Councilman Gravely, aye;
Councilman Mei, aye;
Vice Mayor Lawson, aye;
Mayor Jones, aye.

Martinsville City Council certifies that only business matters under the following were discussed:

g. 2.2-3711. (A7) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body. In regards to the PSA Litigation, Retirees Litigation, Show-Cause Litigation, Workplace Investigation, and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

h. 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. In regards to legal advice regarding Workplace Investigation and in regards to discussion of MOU with Martinsville EDA and employment transition issues for EDA Executive Director position.

i. 2.2-3711. (A1) 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; In regards to the Interim City Manager Contract and Salary.

6 PM Work Session

1. CDBG Planning Grant Presentation by the United Way
    a. United Way Presentation by Craig McCroskey
        i. Focus will be on Substance abuse disorders, homelessness, and a potential day center as a potential solution. Will coordinate amongst certain care providers.
        ii. Plan to develop a sustainable implementation plan. Maximum Grant award amount is $75k.
        iii. Anticipated start date will be January 2026 due to procurement and award cycle.
        iv. Would like to come back on September 16, 2025 for Community Input. City to advertise.
        v. Motion to have Public Hearing and Discuss and Consider Approval on September 16, 2025 for United Way's CDPG Planning Grant Application.

7 PM Regular Session
Martinsville Municipal Building; Council Chambers
Council Members Present: Rawls, Gravely, Mei, Lawson, Jones.

1. Call to Order
    a. Mayor Jones called the meeting to order beginning at 7PM.

2. Pledge of Allegiance

3. Invocation
    a. Led by Minister, Dr. Hatfield

4. Action Taken Out of Closed Session
    a. Motion from Councilman Rawls for City Council to release printed versions of investigatory report to Commonwealth Attorney's Office, Seconded by Councilman Mei.
        i. Approved with the following 5-0 vote:
        - Councilman Rawls, aye;
        - Councilman Gravely, aye;
        - Councilman Mei, aye;
        - Vice Mayor Lawson, aye;
        - Mayor Jones, aye.

    b. Motion from Councilman Rawls to authorize Sands Anderson to brief Interim City Manager on any employee related issues, Seconded by Councilman Rawls.
        i. Approved with the following 4-0-1 vote:
        - Councilman Rawls, aye;
        - Councilman Gravely, aye;
        - Councilman Mei, aye;
        - Vice Mayor Lawson, aye;
        - Mayor Jones, abstain.

c. Motion from Councilman Rawls to release the full report of City Manager Aretha R. Ferrell-Benavides to the public, Seconded by Councilman Mei.
    i. Failed with the following 2-2-1 vote:
    - Councilman Rawls, aye;
    - Councilman Gravely, no;
    - Councilman Mei, aye;
    - Vice Mayor Lawson, no;
    - Mayor Jones, abstain.

d. Motion to increase Interim City Manager's Salary to $150,000 to compensate for additional Duties and Authorize Sands Anderson to prepare a Contract with Interim City Manager, Robert Fincher, made by Vice Mayor Lawson and Second by Councilman Rawls.
    i. Approved with the following 4-0-1 vote:
    - Councilman Rawls, aye;
    - Councilman Gravely, aye;
    - Councilman Mei, aye;
    - Vice Mayor Lawson, aye;
    - Mayor Jones, abstain.

5. Presentations and Proclamations
    a. Community Forest Revitalization Program Update – Green Infrastructure Center
        i. Due to time, this item was moved to Regular Session. The Green Infrastructure Center, which has been working closely with the City of Martinsville's Tree Board gave an update regarding the current project. An overview of the program, strategic tree canopy plan, the City's existing Tree Canopy, the importance of Trees and their quality to the City, the work they have done thus far and the success of previous events.

ii. City's Tree Canopy is about 55% of land cover. Neighborhoods on the South end have more wooded areas and lower temperatures, whereas Northside has higher temperatures and more sparse surroundings. Martinsville's goal is to increase the tree canopy to 56% over the next ten years. Working to increase the overall tree coverage and lower the heat index in the City.

iii. Plan Objective:
- Expand city capacity to Manage Martinsville's urban forest.
- Plant Trees to increase tree canopy and reduce urban heat.
- Increase public awareness.
- Reduce invasive species presence in the City.

iv. One more event in October: Rooted In Martinsville, Virginia Museum of Natural History with more tree giveaways, educational content, publishing the Strategic Tree Canopy Plan.

b. Report of Northside Community Meeting
   i. Chief Howell gave an update on the Northside Community Meeting in place of Interim City Manager, Chief Fincher.

c. Presentation by Heritage Museum, New Exhibit
   i. New Annex opening from 3-8pm on September 6, 2025. Historical Society was founded in 1996 – the 13,000 square foot annex was built behind it beginning May 2023. The glass came from Press Glass and ActivWall built the frames and structures. Benefactor has provided funding to pay for school classes to have free admission to the museum for two years. Annex has presentation capabilities for future events and conferences.

d. Community Development Departmental Update
   i. The Comprehensive Plan with Berkley Group is underway. Joint meetings

ii. Fayette Street Revitalization Planning Grant presentation coming soon with an eventual Public Hearing.
iii. Complete: Pine Hall is 99% complete, Fayette St. lofts are complete
iv. Ongoing Projects: Firestone, Chipotle, Aaron Mills (85% complete), 1 Ellsworth
v. Future Projects: VM Draper, Hooker Site, Bus Garage
vi. Demolitions moving slower due to slower finance processing, several in the wings to begin.
vii. Two vacancies: Code Compliance Inspectors with interviews occurring currently.

6. Consent Agenda
    a. Discuss and Consider the Following Meeting Minutes: August 7, 2025; August 12, 2025;
        i. Motion to approve made by Kathy Lawson and second by Julian Mei.
        ii. Approved with the following 5-0 recorded vote:
        iii. Council Member Rawls, aye;
            - Council Member Mei, aye;
            - Mayor Jones, aye;
            - Vice Mayor Lawson, aye;
            - Council Member Gravely, aye.

7. Regular Agenda or New Business
    A. Hold a Pubic Hearing and Subsequently Discuss and Consider 2nd Reading of Budget Appropriations for Debt Service, School Capital Projects, and Streets Funds
        a. Motion to open public hearing to discuss second reading of Budget Appropriations made by Vice Mayor Lawson and seconded by Councilman Mei.
            i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

b. Motion to close public hearing to discuss second reading of Budget Appropriations made by Vice Mayor Lawson and seconded by Councilman Gravely.
    i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

c. Motion to approve Budget Appropriations as amended on second reading made by Vice Mayor Lawson and seconded by Councilman Gravely.
    i. Approved with the following 4-1 recorded vote: Council Member Rawls, no; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

B. Discuss and Consider Appointment to Board of Appeals
   a. Motion to appoint Derrick Ziglar and Gene Clark for terms ending on 12/31/2030 made by Kathy Lawson and Second by Councilman Mei.
      i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

C. Discuss and Consider Appointment to Southern Area on Aging Board of Directors
   a. Motion to appoint Toni Geter-Wade for terms ending on 12/31/2028 made by Kathy Lawson and Second by Councilman Mei.
      i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

D. Discuss and Consider Approval of Request to Apply for Grant Match Funding for Lifepak 35 Cardiac Monitors that will require Match Funding
    a. Motion to Approve Request to Apply for Grant Match Funding made by Councilman Mei and Second by Vice Mayor Lawson.
        i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye

E. Discuss and Consider Adopting Reimbursement Resolution for Electric Fund Financing
    a. Motion to adopt resolution as presented made by Vice Mayor Lawson and Second by Councilman Mei.
        i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye.

F. Discuss and Consider a Resolution of the Martinsville City Council approving the City's participation in the proposed settlements of opioid-related claims against Alvogen, Amneal, Apotex, Hikma, Indivior, Mylan, Sun, and Zydus and their related corporate entities, and directing the City Attorney and/or the City's outside counsel to execute the documents necessary to effectuate the City's participation in the settlements.

    a. Motion to adopt resolution as presented made by Councilman Mei Second by Councilman Gravely.
        i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye.

G. Discuss and Consider a Resolution of the Martinsville City Council approving the City's participation in the proposed direct settlement of opioid-related claims against the Sackler family, and directing the City Attorney and/or the City's outside counsel to execute the documents necessary to effectuate the City's participation in the settlement.
    a. Motion to adopt resolution as presented made by Councilman Rawls and Second by Vice Mayor Lawson.
        i. Approved with the following 5-0 recorded vote: Council Member Rawls, aye; Council Member Mei, aye; Mayor Jones, aye; Vice Mayor Lawson, aye; Council Member Gravely, aye.

City Hall Reporting and Announcements

H. Financial Report
    a. In the middle of Audit adjustments, sales tax number is solid, about $113,000 short. Revenues in the General Fund are showing 98%, with three items having notations. Sales taxes are down about $113,000, meals tax is down about $90,000. School Zone Cameras are increasing revenues. Ambulance fees are up $240,000, money from FY24 coming in for FY25 accounting for the increase.

Business From the Floor

a. Patti Covington
b. Joanne Linscott
c. Leroy "Tooly" Spencer

Adjournment

a. Mayor Jones made the motion to adjourn at 8:30 PM.

Item: 9.a.

STAFF REPORT

TO: City Council
FROM: Richard Stanfield, Chief Financial Officer, Durwin Joyce, Electric Department
SUBJECT: Hold a Public Hearing concerning the intent of Martinsville City Council to authorize the issuance of General Obligation Bonds and Electric Utility Revenue Bonds for the purpose of financing improvements to the City's Electric Utility Facilities and Discuss and Consider Adoption of Resolution Approving Electric Utility System General Obligation and Revenue Bond to be Sold to the Virginia Resources Authority (VRA)
STAFF/ DEPARTMENT RESPONSIBLE: Finance
MEETING DATE: September 16, 2025

BACKGROUND/HISTORY:
The City of Martinsville proposes issuing an electric utility system General Obligation and Revenue Bond (the "Local Bond") under the Virginia Public Finance Act to fund acquisition, construction, and equipping of improvements to the City's electric utility system (the "Project"). A public hearing occurred on September 8, 2025. The Virginia Resources Authority (VRA) will purchase the Local Bond through its pooled financing program.

The Local Bond will be designated "Electric Utility System General Obligation and Revenue Bond, Series 2025," numbered R-1, and dated approximately 30 days before the VRA bond closing. Final pricing, amortization schedule, and prepayment terms will be determined by VRA in alignment with the City's financing parameters.

POLICY EXPLANATION:
Virginia Public Finance Act

FISCAL IMPACT/FUNDING SOURCE:
Debt Service Responsibility - Principal, interest, and any supplemental interest will be repaid from electric system revenues. If revenues are insufficient, the City's full faith and credit—including property tax levies—will serve as a backup.

Financial Advantages - Leverages VRA's competitive pooled financing structure through access to low interest rates, shared issuance costs, and flexible loan terms.

Cost Obligations - The City covers issuance-related costs (e.g., bond counsel, financial advisory). VRA handles the sale of the pooled bonds.

Available Budget:	Not Applicable
Purchase Amount:	Maximum Principal Amount: - $3,000,000. True Interest Cost (TIC): -- Capped at "5.50% per annum", excluding supplemental interest. Maturity Date: No later than December 31, 2055. Supplemental Terms: - Supplemental interest and reserve replenishment obligations are included as outlined in the Financing Agreement. VRA will establish final payment schedules and optional prepayment provisions consistent with these terms.

ACTION REQUESTED/ALTERNATIVES

City Council Consider Adoption of Resolution

ATTACHMENTS:

1.	VRA Pool GO and Revenue Bond Resolution-final
2.	Martinsville Financing Agreement -VRA (New Money) (GO and Revenue)

RESOLUTION OF CITY COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA APPROVING ELECTRIC UTILITY SYSTEM GENERAL OBLIGATION AND REVENUE BOND TO BE SOLD TO THE VIRGINIA RESOURCES AUTHORITY

WHEREAS, the City of Martinsville, Virginia **(the "City")** is authorized to acquire, construct, operate and maintain electric utility systems **(the "System")**, which System is a revenue producing undertaking of the City; and

WHEREAS, the City is authorized pursuant to the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended **(the "Public Finance Act")** to borrow money and to issue its general obligation and revenue bonds to pay all or part of improvements to the System; and

WHEREAS, the City Council **(the "Council")** of the City has determined that a true and very real need exists to finance the acquisition, construction and equipping of public electric utility system improvements in the City **(together, the "Project")**; and

WHEREAS, the Council desires to issue an electric utility system general obligation and revenue bond (**the "Local Bond"**) pursuant to the Public Finance Act to finance the Project;

WHEREAS, the Council has duly advertised and conducted a public hearing on September 8, 2025 in connection with the issuance of the Local Bond;

WHEREAS, the Virginia Resources Authority **("VRA")**, a public body corporate and political subdivision of the Commonwealth of Virginia, has indicated its willingness to purchase such Local Bond from a portion of the proceeds of its Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2025C (**as more particularly defined in the below-defined Financing Agreement, the "VRA Bonds")** and to provide a portion of the proceeds thereof to the City to finance the costs of the Project in an amount not less than $3,000,000 **(the "Proceeds Requested")**, in accordance with the terms of a Local Bond Sale and Financing Agreement to be dated as of a date specified by VRA, between VRA and the City **(the "Financing Agreement")**, the form of which has been presented to this meeting;

WHEREAS, VRA has advised the City that the sale date of the VRA Bonds is tentatively scheduled for October 28, 2025 but may occur, subject to market conditions, at any time between October 15, 2025 and November 15, 2025 **(the "VRA Sale Date")**, and that VRA's objective is to pay the City an amount which, in VRA's judgment, reflects the market value of the payments under the Financing Agreement **(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;

WHEREAS, such factors may result in the City receiving an amount other than the par amount of the Local Bond and consequently the par amount of the Local Bond may be greater than the Proceeds Requested in order to receive an amount of proceeds that is not less than the Proceeds Requested; and

WHEREAS, the Financing Agreement shall provide that the terms of the Local Bond will not exceed the parameters set forth herein; and

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. **Issuance of Bond.** Pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act, the Council hereby authorizes the issuance and sale of its electric utility system general obligation and revenue bond of the City to provide funds to finance the Project and to pay related issuance and financing costs incurred in connection with issuing such Local Bond.

2. **Authorization of the Financing Agreement.** The form of the Financing Agreement submitted to this meeting is hereby approved. The Mayor, Vice Mayor, and City Manager **(each, a "Delegate")**, any of whom may act, are authorized to execute the Financing Agreement in substantially such form, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by the officer executing the Financing Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof. The issuance and sale of the Local Bond to VRA shall be upon the terms and conditions of the Financing Agreement. The proceeds of such Local Bond shall be applied in the manner set forth in the Financing Agreement. All capitalized terms used but not defined herein shall have the same meaning as set forth in the Financing Agreement.

3. **Bond Details.** The Local Bond shall be issued as a single, registered bond, shall be designated "Electric Utility System General Obligation and Revenue Bond, Series 2025," shall be numbered R-1 and shall be dated on or about 30 days prior to the closing date of the VRA Bonds. The final pricing terms of the Local Bond 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 Local Bond shall have a maximum aggregate principal amount not to exceed $3,000,000 (ii) the interest rate on the Local Bond shall not exceed a maximum true interest cost of 5.50% per annum (exclusive of "supplemental interest" as provided in the Local Bond) and (iii) the Local Bond shall mature not later than December 31, 2055. Subject to the preceding terms, the Council further authorizes VRA to determine the aggregate total of principal and interest payments on the Local Bond and establish an amortization schedule for the Local Bond including the dates and amounts and the optional and extraordinary prepayment provisions, if any, of the Local Bond, all in accordance with the provisions hereof.

As set forth in the Financing Agreement, the City agrees to pay such "supplemental interest" and other charges as provided therein, including such amounts as may be necessary to maintain or replenish the VRA Reserve. Principal and premium, if any, and interest on the Local Bond shall be payable in lawful money of the United States of America.

4. **Payment and Redemption Provisions.** The principal of and premium, if any, and interest on the Local Bond shall be payable as set forth in the Local Bond and the Financing Agreement. The City may, at its option, redeem, prepay or refund the Local Bond upon the terms determined in accordance with Section 3 above and set forth in the Financing Agreement.

5. **Execution and Form of Local Bond.** The Local Bond shall be signed by the Mayor or Vice Mayor of the City and the City's seal shall be affixed thereon and attested by the Clerk or

Deputy Clerk of the City. The Local Bond shall be issued as a typewritten bond in substantially the form of Exhibit A attached hereto, with such completions, omissions, insertions and changes not inconsistent with this Resolution as may be approved by such officers, whose approval shall be evidenced conclusively by the execution and delivery of the Local Bond.

6. **Pledge of Full Faith and Credit.** The City's full faith and credit are pledged to secure the payment of the principal of, premium, if any, and interest on the Local Bond. Unless other funds are lawfully available and appropriated for timely payment of the Local Bond, the City agrees to levy an annual tax upon all property subject to local taxation in the City sufficient to pay the principal of and premium, if any, and interest on the Local Bond.

7. **Pledge of Revenues.** (a) Principal of and premium, if any, and interest on the Local Bond and all other amounts due under the Financing Agreement shall be payable from the revenues of the System (**as more specifically defined in the Financing Agreement, the "Revenues"**) and other sources pledged thereto in the Financing Agreement. The Revenues are to be pledged upon the terms and conditions set forth in the Financing Agreement. The Local Bond will be secured on parity with any outstanding bonds secured by the Revenues.

(b) The City acknowledges that the VRA is treating the Local Bond as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Resources Authority Act (Chapter 21, Title 62.1 of the Code of Virginia of 1950, as amended (**the "VRA Act"**)), which in the event of a nonpayment thereunder authorizes the VRA to file an affidavit with the Governor of the Commonwealth of Virginia that such nonpayment has occurred pursuant to Section 62.1-216.1 of the VRA Act. In purchasing the Local Bond, VRA is further relying on Section 62.1-216.1 of the VRA 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 City of all funds, or of any part of them, appropriated and payable by the Commonwealth of Virginia to the City 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 the VRA, so as to cure, or cure insofar as possible, such nonpayment.

8. **Preparation of Printed Local Bond.** The City shall initially issue the Local Bond in typewritten form. Upon request of the registered owner and upon presentation of the Local Bond at the office of the Registrar (as hereinafter defined), the City shall arrange to have prepared, executed and delivered in exchange as soon as practicable the Local Bond in printed form in an aggregate principal amount equal to the unpaid principal of the Local Bond in typewritten form, in denominations of $5,000 and multiples thereof (except that one Local Bond may be issued in an odd denomination of not less than $5,000), of the same form and maturity and registered in such names as requested by the registered owners or their duly authorized attorneys or legal representatives. The printed Local Bond may be executed by manual or facsimile signature of the Mayor or Vice Mayor of the City, the City's seal affixed thereto and attested by the Clerk or Deputy Clerk of the City; provided, however, that if both such signatures are facsimiles, no Local Bond shall be valid until it has been authenticated by the manual signature of the Registrar and the date of authentication noted thereon. The typewritten Local Bond surrendered in any such exchange shall be canceled.

9. **Registration and Transfer of the Local Bond.** The City appoints the City's Chief Financial Officer as paying agent and registrar **(the "Registrar")** for the Local Bond. If deemed to be in its best interest, the City may at any time appoint a qualified bank or trust company as successor Registrar. Upon surrender of the Local Bond at the office of the Registrar, together with an assignment duly executed by the registered owner or its duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new Local Bond or Bonds having an equal aggregate principal amount, of the same form and maturity, bearing interest at the same rates and registered in such name as requested by the then registered owner or its duly authorized attorney or legal representative. Any such exchange shall be at the expense of the City, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect thereto.

The Registrar shall treat the registered owner as the person or entity exclusively entitled to payment of principal, premium, if any, and interest, and the exercise of all other rights and powers of the owner, except that installments shall be paid to the person or entity shown as owner on the registration books on the 15th day of the month preceding each interest payment date.

10. **Mutilated, Lost or Destroyed Bond.** If the Local Bond has been mutilated, lost or destroyed, the City shall execute and deliver a new Local Bond of like date and tenor in exchange and substitution for, and upon cancellation of, such mutilated Local Bond or in lieu of and in substitution for such lost or destroyed Local Bond; provided, however, that the City shall so execute and deliver only if the registered owner has paid the reasonable expenses and charges of the City in connection therewith and, in the case of a lost or destroyed Local Bond, (a) has filed with the City evidence satisfactory to the City that such Local Bond was lost or destroyed and (b) has furnished to the City satisfactory indemnity.

11. **Arbitrage Covenants.** The City covenants that it shall not take or omit to take any action the taking or omission of which will cause the VRA Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and regulations issued pursuant thereto **(the "Code")**, or otherwise cause interest on the VRA Bonds to be includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law. Without limiting the generality of the foregoing, the City shall comply with any provision of the Tax Compliance Agreement (as defined below) that may require the City at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds of the Local Bond, unless the City receives an opinion of nationally recognized bond counsel that such compliance is not required or is no longer required to prevent interest on the VRA Bonds from being included in the gross income for federal income tax purposes of the registered owners thereof under existing law. The City shall pay any such required rebate from legally available funds.

12. **Tax Compliance Agreement.** Such officers of the City as may be requested are authorized and directed to execute and deliver a tax compliance agreement in relation to the Local Bond **(the "Tax Compliance Agreement")** in the form approved by the Mayor or Vice Mayor of the City or the City Manager, Interim City Manager or Chief Financial Officer of the City, or any of them, in collaboration with the City's bond counsel, with such completions, omissions, insertions and changes as may be approved by the officers of the City executing such Tax

Compliance Agreement, whose approval shall be evidenced conclusively by the execution and delivery thereof.

13. **Private Activity Bond Covenant.** The City covenants that it shall not permit the proceeds of the Local Bond or the facilities financed with the proceeds of the Local Bond to be used in any manner that would result in (a) 5% or more of such proceeds or the facilities financed with 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, (b) 5% or more of such proceeds or the facilities financed with 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 City receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the VRA Bonds from being includable in the gross income for federal income tax purposes of the registered owners thereof under existing law, the City need not comply with such covenants.

14. **Official Statement.** The City authorizes and consents to the inclusion of information with respect to the City 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. The Mayor of the City, the Vice Mayor of the City or the City Manager or Interim City Manager, 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, including execution and delivery of a continuing disclosure agreement as deemed necessary by VRA.

15. **SNAP Investment Authorization.** The Council has determined to authorize the City Treasurer, if and as necessary, to utilize SNAP in connection with the investment of the proceeds of the Local Bond.

16. **Other Actions.** All other actions of City officials in conformity with the purposes and intent of this Resolution and in furtherance of the issuance and sale of the Local Bond and the financing of the Project are ratified, approved and confirmed. The City officials are authorized and directed to execute and deliver all agreements, certificates and other instruments considered necessary or desirable in connection with the issuance, sale and delivery of the Local Bond pursuant to this Resolution and the Financing Agreement and the financing and undertaking of the Project.

17. **Effectiveness and Filing of Resolution.** This Resolution shall become effective immediately upon its passage. After such passage, a certified copy of this Resolution shall be filed by the Clerk or Deputy Clerk with the Clerk of the Circuit Court of the City of Martinsville, Virginia. The filing of this Resolution with the Clerk of the Circuit Court of the City of Martinsville, Virginia shall be deemed to be the filing of an initial resolution or ordinance with such Court for all purposes of the Act. Any ordinances or resolutions inconsistent herewith previously adopted by the Council are amended to be consistent with this Resolution.

Exhibit A - Form of Bond

Interest on this bond is intended by the issuer thereof to be included in gross income for federal income tax purposes.

REGISTERED **REGISTERED**

R-1 **_____________, 2025**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

THE CITY OF MARTINSVILLE

Electric Utility System General Obligation and Revenue Bond
Series 2025

The City of Martinsville, Virginia (the "City"), a body politic and corporate of the Commonwealth of Virginia, for value received, acknowledges itself in debt and promises to pay to the Virginia Resources Authority, or its registered assigns or legal representative **("VRA")**, solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of ________________________ DOLLARS ($_________). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each __________ and _____________, commencing _________, ____, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of and interest on this bond is not paid to the registered owner of this bond within five days after its due date, the City shall pay to VRA a late payment charge in an amount equal to five percent (5%) of the overdue installment.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of ____________ __, 2025 **(the "Local Bond Sale and Financing Agreement")**, between VRA and the City, so long as this bond is held by VRA or its registered assigns or legal representative, interest is payable by check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the City's Chief Financial Officer, who has been appointed registrar and paying agent, or any successor bank or trust company **(the "Registrar")**. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day (as defined below), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date. "Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

This bond has been authorized by a resolution adopted by the City Council of the City on September 16, 2025 **(the "Resolution")** and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Local Bond Sale and Financing Agreement. Proceeds of this bond will be used to provide funds to (a) finance the Project (as defined in the Local Bond Sale and Financing Agreement) and (b) pay the issuance and financing costs incurred in issuing this bond.

THIS BOND IS A GENERAL OBLIGATION OF THE CITY, FOR THE PAYMENT OF WHICH THE CITY'S FULL FAITH AND CREDIT ARE IRREVOCABLY PLEDGED. THE CITY COUNCIL OF THE CITY IS AUTHORIZED AND REQUIRED TO LEVY AND COLLECT, ANNUALLY AT THE SAME TIME AND IN THE SAME MANNER AS OTHER TAXES OF THE CITY ARE ASSESSED, LEVIED AND COLLECTED, A TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY, OVER AND ABOVE ALL OTHER TAXES AUTHORIZED OR LIMITED BY LAW AND WITHOUT LIMITATION AS TO RATE OR AMOUNT, SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL OF AND PREMIUM, IF ANY, AND COST OF FUNDS, IF ANY, ON THE BOND, TO THE EXTENT OTHER FUNDS OF THE CITY ARE NOT LAWFULLY AVAILABLE AND APPROPRIATED FOR SUCH PURPOSE.

Subject to the City's right to apply Revenues (as defined in the Local Bond Sale and Financing Agreement) to the payment of Operation and Maintenance Expenses (as defined in the Local Bond Sale and Financing Agreement), Revenues are irrevocably pledged for the payment of principal and premium, if any, and interest on this bond and the payment and performance of the City's obligations under the Local Bond Sale and Financing Agreement.

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund, the Operating Reserve Fund and/or a drawing on any CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility (each as defined in the Local Bond Sale and Financing Agreement), the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund and/or the Operating Reserve Fund for any foregone investment earnings on the funds withdrawn therefrom and/or pay any interest, fees or penalties assessed by the CRF Credit Provider and/or the Infrastructure Revenue DSRF Credit Provider as a result of the drawing on the CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility, as appropriate. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The term "interest" as used in this bond shall include Supplemental Interest, when and if payable. The City's obligation to pay Supplemental Interest shall commence on the date of VRA's withdrawal of funds from the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund and/or the Operating Reserve Fund or the drawing on the CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility occasioned by the City's failure to pay a required payment or portion thereof as described above **(the "Supplemental Interest Commencement Date")**. The City's obligation to pay Supplemental Interest shall terminate on the date on which the City remedies such failure to pay by making all payments required but outstanding since the date of such 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 interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City 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.

Notwithstanding anything in this bond to the contrary, in addition to the payments of debt service provided for by this bond, the City shall pay, but only from its legally available funds, such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Local Bond Sale and Financing Agreement.

This bond may be redeemed, prepaid or refunded at the option of the City upon the terms set forth in the Local Bond Sale and Financing Agreement.

This bond is issuable as a fully registered bond. Upon surrender of this bond at the Registrar's office, together with an assignment duly executed by the registered owner or such owner's duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the Resolution, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rates and in the same manner, and registered in such names as requested by the then registered owner of this bond or such owner's duly authorized attorney or legal representative. Any such exchange shall be at the City's expense, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the 15th day of the month preceding each interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the City, is within every debt and other limitation prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Martinsville, Virginia, has caused this bond to be signed by its Mayor and the City's seal to be affixed hereto and attested by the Clerk or Deputy Clerk of the City, and this bond to be dated the date first above written.

(SEAL)

____
Mayor
City of Martinsville, Virginia

ATTEST:

____
Deputy Clerk
City of Martinsville, Virginia

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto
____
(please print or typewrite name and address including postal zip code of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

____
: :
: :
:__________________________________:

the within bond and all rights thereunder, hereby irrevocably constituting and appointing ____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _________________

Signature Guaranteed

____

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

____
(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

SCHEDULE I TO
CITY OF MARTINSVILLE, VIRGINIA
ELECTRIC UTILITY SYSTEM GENERAL OBLIGATION AND REVENUE BOND
SERIES 2025

Principal Installment Number	**Principal Installment Amount**	**Principal Installment Due Date**	**Interest Rate**

[to be completed after pricing of VRA Bonds]

CERTIFICATION OF ADOPTION OF RESOLUTION

The undersigned Deputy Clerk of the City of Martinsville, Virginia hereby certifies that the Resolution set forth above was adopted during an open meeting on September 16, 2025, by the City Council with the following votes:

Aye:

Nay:

Abstentions:

Absent:

Signed this ___ day of September, 2025.

By: ____________________________
Deputy Clerk,
City of Martinsville

LOCAL BOND SALE AND FINANCING AGREEMENT

between

VIRGINIA RESOURCES AUTHORITY

and

CITY OF MARTINSVILLE, VIRGINIA

Dated as of September 19, 2025

Virginia Resources Authority
Infrastructure and State Moral Obligation Revenue Bonds
(Virginia Pooled Financing Program)
Series 2025C

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont.)

Page

TABLE OF CONTENTS (cont.)

LOCAL BOND SALE AND FINANCING AGREEMENT

This **LOCAL BOND SALE AND FINANCING AGREEMENT** is dated as of September 19, 2025, and is between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and the **CITY OF MARTINSVILLE, VIRGINIA**, a municipal corporation of the Commonwealth of Virginia (the "Local Government").

A. VRA intends to issue its Related Series of VRA Bonds, as hereinafter defined, and to use a portion of the proceeds thereof to acquire from the Local Government the Local Bond, as hereinafter defined.

B. VRA and the Local Government wish to set forth herein certain terms, conditions and provisions related to the purchase of the Local Bond, the application of the proceeds thereof, the payment of the debt service thereon and the security therefor, and the use and maintenance of the Related Financed Property, as each term is hereinafter defined.

NOW, THEREFORE, 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:

"2025C Acquisition Fund" has the meaning set forth in the Related Supplemental Series Indenture.

"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 Bond Sale and Financing Agreement 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.

"Annual Budget" means the budget of the System for each Fiscal Year.

"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 18, 2025, or such other date as may be determined by VRA.

"Commonwealth" means the Commonwealth of Virginia.

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

"Effective Date" means September 19, 2025, which is the deadline for the Local Government to provide an executed copy of this Agreement to VRA.

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

"Existing Parity Bonds" has the meaning set forth in Section 2.2(n).

"Financing Parameters" means the parameters established by the governing body of the Local Government regarding the terms and conditions of the Local Bond, which may include a maximum par amount, 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.

"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.

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

"Local Account" means the local account established for the Local Bond within the 2025C Acquisition Fund.

"Local Authorization" means the resolution adopted on September 16, 2025, by a majority of the members of the governing body of the Local Government approving (i) the transactions contemplated by and authorizing the execution and delivery of the Local Bond Documents and (ii) the execution, issuance and sale of the Local Bond subject to the Financing Parameters.

"Local Bond" means the Local Government's Electric Utility System General Obligation and Revenue Bond, Series 2025 issued in the original principal amount set forth in Schedule 1.1, as such bond may be amended or modified.

"Local Bond Documents" means this Agreement and the Local Tax Document.

"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 the reasonable approval of VRA.

"Local Government" means the City of Martinsville, Virginia.

"Local Representative" means (i) the Mayor or Vice Mayor of the Local Government, (ii) the City Manager 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 the Nonarbitrage Certificate and Tax Compliance Agreement dated the Closing Date, between the Local Government and VRA, as modified, altered, amended and supplemented.

"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.

"Net Revenues Available for Debt Service" means the Revenues less amounts necessary to pay Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means the costs of operating and maintaining the System determined under generally accepted accounting principles, exclusive of (i) interest on any debt payable from Revenues, (ii) depreciation and other items not requiring the expenditure of cash, (iii) any amounts expended for capital replacements, repairs and maintenance not recurring either annually or biannually, depending on the customary practice of performing operation and maintenance, or reserves therefor, and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

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

"Parity Bonds" means the bonds and other obligations of the Local Government secured by a pledge of Revenues on a parity with the lien of the pledge of Revenues that secures the Local Bond.

"Proceeds Requested" means $__________, together with an amount to pay related 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 the project described in Exhibit B.

"Project Budget" means the budget for the Project set forth in Schedule 1.1.

"Project Costs" means the costs of the Project 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.

"Purchase Price" has the meaning set forth in Schedule 1.1 and represents the amount received by the Local Government from the sale of the Local Bond to VRA. The Purchase Price of the Local Bond will be determined by adding to or subtracting from the par amount of the Local Bond the Local Government's share of the net original issue premium or discount on the Related Series of VRA Bonds and by subtracting from the par amount of the Local Bond 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 any applicable VRA Reserve. It is acknowledged that the Purchase Price does not include any accrued interest on the Local Bond from its dated date to the Closing Date.

"Qualified Independent Consultant" means an independent professional consultant having the skill and experience necessary to provide the particular certificate, report or approval required by the provision of this Agreement in which such requirement appears, including without limitation an Outside Engineer, and an independent certified public accountant or firm of independent certified public accountants; provided, however, all Qualified Independent Consultants are subject to the reasonable approval of VRA.

"Registrar" means the officer or employee of the Local Government designated under the Local Authorization to maintain the registration books for the Local Bond.

"Related Financed Property" means the land, building, equipment and other property, the acquisition, construction, renovation, or equipping of which was financed or refinanced by the Local Bond as part of the Project.

"Related Portion of VRA Bonds" means the portion of the Related Series of VRA Bonds allocable to the Local Bond (as determined by VRA), including any bonds issued by VRA to refund such Related Series of VRA Bonds in whole or in part.

"Related Series of VRA Bonds" means the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds (Virginia Pooled Financing Program), Series 2025C, 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 Related Series of VRA Bonds in whole or in part.

"Related Supplemental Series Indenture" means the Sixty-Second Supplemental Series Indenture of Trust dated as of November 1, 2025, between VRA and the Trustee, as modified, altered, amended and supplemented in accordance with its terms and those of the Master Indenture.

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

"Revenues" means (i) all rates, fees, rentals, charges and other income properly allocable to the System under generally accepted accounting principles or resulting from the Local Government's ownership or operation of the System and all rights to receive the same, whether now existing or hereafter coming into existence, exclusive of user and other deposits subject to refund until such deposits have become the Local Government's property, (ii) the proceeds of any insurance covering business interruption loss relating to the System, (iii) interest on any money or securities related to the System held by or on behalf of the Local Government and (iv) any other income from other sources now or hereafter pledged or specifically made available by or on behalf of the Local Government to or for the payment of Operation and Maintenance Expenses or debt service on Parity Bond.

"Sale Date" means October 28, 2025, or such other date specified in Schedule 1.1.

"Subordinate Bonds" means obligations of the Local Government secured by a pledge of Revenues expressly made subordinate to the pledge securing the Local Bond and any other Parity Bonds, and any obligations to make deposits related to reserve funds, rebate funds and similar funds or accounts established for the benefit of the Local Bond or any other Parity Bonds.

"Supplemental Interest" has the meaning set forth in Section 6.1.

"System" means all plants, systems, facilities, equipment or property owned, operated or maintained by the Local Government and used in connection with the provision of electric services, as the same may exist from time to time, and includes the Related Financed Property.

"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 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 the Related Series of 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 Bond do not refer to or connote the payment of the Local Bond at its stated maturity.

(c) All references in this Agreement to particular Articles, Sections or Exhibits are references to Articles, Sections 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 Related Series of VRA Bonds, (ii) direct the Trustee to use a portion of the proceeds of the Related Series of VRA Bonds to purchase the Local Bond from the Local Government as contemplated under the Related Supplemental Series Indenture and this Agreement and (iii) carry out and consummate all other transactions contemplated by this Agreement.

(c) VRA has duly authorized, executed and delivered this Agreement, and this Agreement constitutes 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 full right, power and authority to (i) adopt the Local Authorization and execute and deliver the Local Bond Documents and all related documents, (ii) issue and sell the Local Bond to VRA and deliver the Local Bond to the Trustee, (iii) own and operate the System, (iv) undertake the Project and (v) carry out and consummate all of the transactions contemplated by the Local Authorization, the Local Bond and the Local Bond Documents.

(c) The 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 Local Authorization was adopted. The Local Authorization was filed in the Circuit Court of the City of Martinsville, Virginia on ________, 2025.

(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 Bond Documents and the Local Bond, (iii) performance of its obligations under the Local Bond Documents and the Local Bond, (iv) the undertaking of the Project and (v) the operation and use of the System. The Local Government knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations or approvals not required to be obtained by the Effective Date cannot be obtained as required in the future.

(e) The Local Government has executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(f) When executed and delivered in accordance with the Local Authorization and this Agreement, the Local Bond will have been executed and delivered by duly authorized officials of the Local Government and will constitute a legal, valid and binding general obligation of the Local Government enforceable against the Local Government in accordance with its terms.

(g) The issuance of the Local Bond and the execution and delivery of the Local Bond 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) to the best of the Local Government's knowledge, 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.

(h) 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.

(i) The Local Government (i) to the best of the Local Government's knowledge, 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 Bond or the Local Bond 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 Bond and the Local Bond Documents. The Local Government's execution and delivery of the Local Bond and the Local Bond 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.

(j) The Local Government reasonably expects that, unless otherwise permitted by the terms of the Local Bond Documents or approved by VRA, the Local Government will own, operate and control the System at all times during the term of the Local Bond.

(k) Except as set forth in Exhibit C, no litigation has been served upon the Local Government, nor, to the best of the Local Government's 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, the Local Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond 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, the Local Bond Documents or the Local Bond or (v) affecting the Project.

(l) 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.

(m) 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.

(n) A list of all Parity Bonds that are outstanding on the date of this Agreement is attached as Exhibit J (the "Existing Parity Bonds").

(o) Except for the Existing Parity Bonds, there is no indebtedness of the Local Government secured by a pledge of Revenues prior to or on a parity with the lien of the pledge of Revenues that secures the Local Bond.

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 Series of 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 purchase of the Local Bond.

ARTICLE III

PURCHASE OF
THE LOCAL BOND

Section 3.1 **Purchase of the Local Bond**. (a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth or incorporated herein, VRA shall purchase, solely from the proceeds of the Related Series of VRA Bonds, all, but not less than all, of the Local Bond from the Local Government, and the Local Government shall, subject to the Financing Parameters, sell and deliver to VRA the Local Bond for the Purchase Price. The Local Government acknowledges that the Purchase Price is determined by VRA, is subject to VRA's Purchase Price Objective (as defined below) and market conditions as described below, and is expected to be substantially equal to the Proceeds Requested. The Local Government shall issue the Local Bond pursuant to the Local Authorization and in substantially the form of Exhibit A to this Agreement. As a condition of VRA entering into this Agreement, the Local Government shall deliver to VRA a copy of the Local Authorization as adopted prior to the date hereof.

(b) The Local Government acknowledges that VRA has advised the Local Government that its objective is to pay the Local Government the Purchase Price for its Local Bond which in VRA's judgment reflects the market value of the Local Bond ("Purchase Price Objective"), taking into consideration the Financing Parameters, the purchase price received by VRA for the Related Series of VRA Bonds, the underwriters' discount and other issuance costs of the Related Series of VRA Bonds and other market conditions relating to the sale of the Related Series of VRA Bonds. The Local Government further acknowledges that VRA has advised it that such factors may result in the Local Bond having a value other than par and that in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, the Local Government may need to issue the Local Bond with a par amount that is greater or less than the Proceeds Requested. The Local Government shall not issue the Local Bond if doing so would violate any Financing Parameter. Subject to the preceding sentence, the Local Government shall issue the Local Bond at a par amount that provides to the fullest extent practicable given VRA's Purchase Price Objective, a Purchase Price at least equal to the Proceeds Requested, all in accordance with the Local Authorization. The Local Government acknowledges that the Purchase Price will be less than the Proceeds Requested if any Financing Parameter prevents VRA from generating a Purchase Price substantially equal to the Proceeds Requested, based upon VRA's Purchase Price Objective.

Section 3.2 **Issuance Expenses**. VRA shall pay, or cause to be paid, from the proceeds of the Related Series of 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 Related Series of VRA Bonds and the purchase of the Local Bond on the Closing Date, including, but not limited to: (i) the cost, if any, of preparing and delivering the Related Series of VRA Bonds; (ii) the cost of preparing, printing and delivering the Preliminary Official Statement and the Official Statement for the Related Series of 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 issuance, sale and delivery of the Local Bond, including, but not limited to the fees and disbursements of the financial advisor, counsel and bond counsel to the Local Government from the Purchase Price or other funds of the Local Government.

Section 3.3 Schedule 1.1. VRA shall complete Schedule 1.1, which shall set forth, among other things, the principal amount, interest rates, payment schedule and Purchase Price with respect to the Local Bond and the principal amount of the Related Series of VRA Bonds on or after the Sale Date. VRA shall deliver the completed Schedule 1.1 to the Local Government and shall attach Schedule 1.1 to this Agreement. Upon delivery to the Local Government, the completed Schedule 1.1 shall become a part of this Agreement the same as if it were a part hereof on the Effective Date.

Section 3.4 Conditions Precedent to Purchase of the Local Bond. VRA shall not be required to cause the Trustee to purchase the Local Bond 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 Bond Documents and the Local Bond, if any.

(2) A certificate of the appropriate officials of the Local Government dated the Closing Date as to the matters set forth in Section 2.2 and Section 2.3 (to the extent applicable), including appropriate certifications regarding the Local Bond 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 Exhibit F.

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

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

(7) The executed Local Bond and original executed counterparts of the Local Tax Document.

(8) A certificate of the Consulting Engineer giving the Consulting Engineer's estimate of the construction portion of the total Project Costs to be financed with the proceeds of the Local Bond, which estimate must be in an amount and otherwise compatible with the financing plan described in the Project Budget.

(9) A certificate of the Consulting Engineer (i) to the effect that the Purchase Price and funds available from the other sources specified in the Project Budget will be sufficient to pay the construction portion of the estimated Project Costs and (ii) specifying the date the Local Government is expected to complete the Project.

(10) A certificate of an Outside Engineer or a Qualified Independent Consultant, including supporting documentation, to the effect that during the first two complete Fiscal Years following the estimated completion date of the Project, the projected Net Revenues Available for Debt Service will satisfy the Local Government's rate covenant under Section 5.2(a). In providing this certificate, the Outside Engineer or Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person or entity required to give approval for the rate increase to become effective. In addition, the Outside Engineer or Qualified Independent Consultant may take into consideration additional future revenues to be derived under existing contractual arrangements entered into by the Local Government and from reasonable estimates of growth in the Local Government's consumer base.

(11) A certificate of the Consulting Engineer to the effect that (i) all governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project, as enumerated in the certificate, and the operation and use of the System required to have been obtained as of the Closing Date have been obtained and (ii) the Consulting Engineer knows of no reason why any such required governmental permits, licenses, registrations, certificates, authorizations and approvals for the undertaking of the Project, as enumerated in the certificate, and the operation and use of the System cannot be obtained as required in the future.

(12) Evidence that the Local Government is in compliance with the construction contract provisions set forth in Section 4.4 with respect to any existing contracts as of the Closing Date.

(13) Evidence that the Local Government has satisfied all conditions precedent to the issuance of the Local Bond as a “Parity Bond” under the financing documents for the Existing Parity Bonds.

(14) 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 K, completed to the satisfaction of VRA.

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

(b) The initial purchasers of the Related Series of VRA Bonds have paid in full and VRA has accepted the purchase price for the Related Series of VRA Bonds on the Closing Date. It is understood that the sole source of funds to pay the Purchase Price is a portion of the proceeds of the Related Series of VRA Bonds.

ARTICLE IV

USE OF PURCHASE PRICE

Section 4.1 **<u>Deposit of Purchase Price; Investment of Amounts in Local Account</u>**. (a) On the Closing Date, VRA shall cause the Trustee to deposit the Purchase Price into the Local Account and to apply the Purchase Price and the earnings thereon as set forth in the Related Supplemental Series Indenture, this Agreement and the Local Tax Document.

(b) The Local Government acknowledges and consents to the investment of the Purchase Price and the earnings thereon in Virginia SNAP.

Section 4.2 **<u>Agreement to Accomplish Project</u>**. (a) The Local Government shall cause the Project to be acquired, constructed, expanded, renovated, equipped or financed as described in <u>Exhibit B</u> and in accordance with the Project Budget, this Agreement, the Local Tax Document and the plans, specifications and designs prepared by the Consulting Engineer and approved by the Local Government. The Local Government shall use its best efforts to complete, or cause to be completed, the 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 of all plans, specifications and designs for the 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) If requested by VRA, upon completion of the Project, the Local Government shall promptly deliver to VRA and the Trustee a certificate signed by a Local Representative and by the Consulting Engineer stating (i) that the 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 the Schedules thereto.

(c) If upon completion of the Project and payment of all related costs of issuance and rebate payments due or to become due on the Related Portion of VRA Bonds, there is a balance remaining in the Local Account, the Trustee shall apply any remaining balance at the written direction of the Local Government for previously-paid interest on the Local Bond or in such other manner that is permitted under the Act; provided that VRA shall be reasonably assured that such application will not have an adverse effect on the tax status of the Related Series of VRA Bonds.

Section 4.3 **<u>Disbursement of Purchase Price and Earnings</u>**. 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. Not more frequently than once per calendar month, the Trustee shall disburse amounts from the Local Account to 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 the 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 Project; and

(2) a certificate, signed by the Consulting Engineer (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 the Consulting Engineer, stating that such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the Project; and

(2) a certificate, signed by the Consulting Engineer (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 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 such requisition from the Local Account directly to the Local Government in accordance with the instructions in such requisition.

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 with respect to the Related Portion of VRA Bonds, as calculated by a rebate calculation service selected by VRA.

The Local Government agrees that any amounts disbursed to it or for its account from the Local Account pursuant to this Section 4.3 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.

Section 4.4 **Construction Contractors**. The Local Government shall cause each general construction contractor employed in the accomplishment of the Project to furnish a performance bond and a payment bond each in an amount equal to 100% of the particular contract price. Such bonds shall list the Local Government, VRA and the Trustee as beneficiaries. Neither VRA nor the Trustee shall make any claims or exercise any rights under such bonds unless and until an Event of Default occurs. 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 Consulting Engineer.

Section 4.5 **Disclaimer of Warranty**. The Project is being undertaken at the Local Government's request and by the Local Government. 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 4.6 **No Sufficiency Warranty by VRA; Local Government Required to Complete Project.** VRA makes no warranty, either express or implied, that the Purchase Price will be sufficient to pay all or any particular portion of the Project Costs. If the Purchase Price is not sufficient to pay in full the cost of the Project, the Local Government shall complete the Project at its own expense and shall not be entitled to any reimbursement therefor from VRA or any abatement, diminution or postponement of its payments under the Local Bond or this Agreement.

ARTICLE V

PLEDGE AND SECURITY

Section 5.1 **Pledge**. (a) Under the Local Authorization, the Local Government has pledged its full faith and credit to payment of the principal of and premium, if any, and interest on the Local Bond. The Local Government covenants that this pledge shall be valid and binding from and after the Closing Date. The Local Government shall, unless other funds are lawfully available and appropriated for timely payment of the Local Bond, levy an annual tax upon all property subject to local taxation in its jurisdiction sufficient to pay the principal of and premium, if any, and interest on the Local Bond. Notwithstanding anything herein to the contrary, all of the obligations for the payment of money set forth in this Agreement (with the exception of principal of and premium, if any, and interest on the Local Bond) shall be payable only from legally available funds.

(b) Subject to the Local Government's right to apply Revenues to the payment of Operation and Maintenance Expenses, the Revenues are hereby pledged to secure the payment of the principal of and premium, if any, and interest on the Local Bond and the payment and performance of the Local Government's obligations under this Agreement on a parity with any

Parity Bonds. This pledge shall be valid and binding from and after the Closing Date. The Revenues, as received by the Local Government, shall immediately be subject to the lien of this pledge without any physical delivery of them or further act. Except as stated above, the lien of this pledge shall have priority over all other obligations and liabilities of the Local Government payable from Revenues, and the lien of this pledge shall be valid and binding against all parties having claims of any kind against the Local Government regardless of whether such parties have notice of this pledge. Until the occurrence and continuation of an Event of Default, the Local Government may, after the application each month of Revenues to the payment of the Operation and Maintenance Expenses and debt service on the Local Bond and any other Parity Bonds, use the Revenues for any lawful purpose.

Section 5.2 **Rate Covenant**. (a) The Local Government shall fix, charge and collect rates, fees and other charges for the use of and for services furnished or to be furnished by its System, and will from time to time revise such rates, fees and other charges so that as of the end of each Fiscal Year the Net Revenues Available for Debt Service will equal at least 100% of the amount required during the Fiscal Year to pay the principal of and interest on the Local Bond and all other Parity Bonds.

(b) If, for any reason, the Net Revenues Available for Debt Service are insufficient to satisfy the covenant set forth in subsection (a), the Local Government shall (i) on its demand, pay to VRA a rate maintenance penalty fee in an amount of $5,000, and (ii) within 90 days adjust and increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses so as to provide sufficient Net Revenues Available for Debt Service to satisfy such requirement.

(c) On or before the last day of each Fiscal Year, the Local Government shall review the adequacy of its rates, fees and other charges for the next Fiscal Year, and, if such review indicates the Local Government's rates, fees and other charges will be insufficient to satisfy the rate covenant in subsection (a), the Local Government shall promptly take appropriate action to increase its rates, fees and other charges or reduce its Operation and Maintenance Expenses to cure any deficiency.

Section 5.3 **Annual Budget of the System**. Not less than 15 days before the first day of each Fiscal Year, the Local Government shall submit to its governing body and to VRA a copy of a preliminary annual budget, containing all information called for by, and otherwise being in the form of, Exhibit I to this Agreement, for such Fiscal Year setting forth a schedule of the rates, fees and other charges to be imposed by the Local Government, the Revenues estimated to be generated thereby and the expenditures anticipated by the Local Government for operations, maintenance, repairs, replacements, improvements, debt service and other purposes. The Local Government shall adopt, prior to the first day of each Fiscal Year, a budget for such Fiscal Year. The Local Government shall ensure that the adopted budget contains the information required to be included in the preliminary budget. Such budget as approved by the Local Government's governing body is referred to in this Agreement as the Annual Budget. The Local Government may at any time during any Fiscal Year amend the Annual Budget for such Fiscal Year so long as such amendment does not result in an Event of Default. The Local Government shall promptly submit to VRA, in an electronic format, a copy of the Annual Budget and any amendments thereto.

Section 5.4 Qualified Independent Consultant Required. (a) If as of the end of any Fiscal Year, the Local Government is not in compliance with the rate covenant in Section 5.2(a), the Local Government will immediately retain the Qualified Independent Consultant to submit a written report and recommendations with respect to increases in the Local Government's rates, fees and charges and improvements in the operations of and the services rendered by the System and the Local Government's accounting and billing procedures necessary to bring the Local Government into compliance with the rate covenants in Section 5.2(a). The report and recommendations will be filed with the Trustee and VRA within 120 days from the date of discovery of noncompliance with the rate covenant in Section 5.2(a). The Local Government agrees that it will promptly revise its rates, fees, charges, operations and services in conformity with the report and recommendations of the Qualified Independent Consultant to the extent permitted by law

(b) If the Local Government determines that the Qualified Independent Consultant's recommendations are impractical or inappropriate, the Local Government may in lieu thereof adopt other procedures which the Local Government believes will bring it into compliance with the rate covenant made by the Local Government in Section 5.2(a) when such measures have been implemented and become fully effective. Such alternative plan shall be filed with VRA not later than 30 days after receipt of the Qualified Independent Consultant's report along with a detailed explanation of the Local Government's reason for rejecting the Qualified Independent Consultant's recommendations. Notwithstanding anything herein to the contrary, VRA reserves the right, in its sole discretion, to reject such alternate procedures and, to the extent permitted by law, require the Local Government to comply with the Qualified Independent Consultant's recommendations.

ARTICLE VI

PAYMENT AND REDEMPTION OF LOCAL BOND

Section 6.1 Payment of Local Bond and Related Amounts. (a) Until the principal of and premium, if any, and interest on the Local Bond and all other amounts payable under this Agreement have been paid in full, the Local Government shall pay to the Trustee or VRA, as applicable, the following amounts:

(1) to the Trustee, the amounts required by the Local Bond on such dates and in such manner as provided for in the Local Bond – the term "interest," as used in the Local Bond and this Agreement, includes Supplemental Interest, when and if payable;

(2) to the Trustee or to VRA, no later than 15 days after VRA provides notice to the Local Government, 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 the payment on the Local Bond not paid within five days after its due date;

(4) to the Trustee, the Local Government's share (as 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 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, to the extent permitted by law, the reasonable costs and expenses, including reasonable attorneys' fees, if any, incurred by VRA in connection with (i) an Event of Default 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, any other document related to the Related Series of VRA Bonds or the Local Bond or (iii) any claim, lawsuit or other challenge to the Local Bond, the VRA Bonds or this Agreement that arises, at least in part, out of the Local Government's authorization of its issuance of the Local Bond, 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 required payment of the principal of or premium, if any, or interest on the Local Bond results in a withdrawal from or a drawing on any VRA Reserve, the interest rates applicable to the Local Bond 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 interest payment dates provided for in the Local Bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in the Local Bond, 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 shall pay the amounts described above and make payments as scheduled under the Local Bond without any credit for any amount being withdrawn from or drawn on a VRA Reserve pursuant to the Master Indenture.

Section 6.2 **Defeasance and Redemption of Local Bond**. (a) The Local Government shall not defease or redeem the Local Bond (in whole or in part), except as provided in this Section 6.2.

(b) The Local Government shall satisfy the following conditions prior to the defeasance and redemption of the Local Bond:

(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 Portion of VRA Bonds corresponding to the portion of the Local Bond 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.

(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 the Local Bond (including, without limitation, any Supplemental Interest) and all amounts overdue, due or to become due under Section 6.1(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 Portion of VRA Bonds.

(c) VRA will determine which Related Portion of VRA Bonds will be designated as the Allocated Portion and the amounts to be deposited under subsection (b)(2) and (3) above using such reasonable allocation and estimation methods as may be selected by VRA and VRA's determinations shall be conclusive (absent manifest error).

(d) The Local Government acknowledges that no funds in any VRA Reserve will be available to the Local Government for the defeasance or redemption of the Local Bond.

Section 6.3 **Payments and Rights Assigned**. The Local Government hereby consents to VRA's assignment to the Trustee of VRA's rights under this Agreement and the Local Bond. 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 the Local Bond and this Agreement so long as no Event of Default (as defined in the Master Indenture) with respect to the Related Series of VRA Bonds has occurred and is continuing. Even though VRA will be the registered owner of the Local Bond, the Local Government shall pay directly to the Trustee all amounts payable by the Local Government under the Local Bond and 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 6.4 **Obligations Absolute and Unconditional**. The obligation of the Local Government to make the payments required by the Local Bond and this Agreement from the sources pledged therefor 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 VII

OPERATION AND USE COVENANTS

Section 7.1 **Operation and Maintenance**. At its own cost and expense the Local Government shall operate the System in a proper, sound and economical manner in compliance with all legal requirements and shall maintain the System 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 System 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 System, or (ii) negatively affect the structural or operational integrity of any part of the System. 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 and improvements shall become part of the System.

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 System. 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 governmental authority regarding the System, 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 System, 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 System 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.

Section 7.6 **Ownership**. The Local Government shall not construct, reconstruct or install any part of the System 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 System is lawfully located in a public street or highway or (2) the Local Government provides a written opinion of counsel or a report of a Qualified Independent Consultant, either of which shall be 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 purposes.

Section 7.7 **Sale or Encumbrance**. No part of the System 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 System for streets, roads and utilities as will not adversely affect the use of the System.

(b) The Local Government may sell or otherwise dispose of property constituting part of the System if it uses the proceeds of such disposition and any other necessary funds to replace such property with property serving the same or a similar function.

(c) The Local Government may sell or otherwise dispose of property constituting part of the System 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 be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond and then to any other lawful purpose.

(d) The Local Government may otherwise sell or dispose of property constituting part of the System if there is filed with VRA a certificate of the Consulting Engineer stating that such property is not necessary or useful to the operation of the System. The proceeds to be received from any such sale or disposition shall be applied first to cure any default that may exist in the payment of the principal of or interest on the Local Bond.

Section 7.8 **Collection of Revenues**. The Local Government shall use its best efforts to collect all rates, fees and other charges due to it. The Local Government shall, to the full extent permitted by law, prevent access to the services and facilities of the System to users of the System who are delinquent beyond any customary grace periods in the payment of rates, fees and other charges due to the Local Government.

Section 7.9 **No Free Services**. Except as otherwise required by law and as described on Exhibit H, the Local Government shall not permit the use of the System, or furnish any services afforded by the System, without making a charge therefor based on the Local Government's uniform schedule of rates, fees and charges.

Section 7.10 **Lawful Charges**. The Local Government shall pay when due all 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 System or the Local Government's interest in it, or (ii) incurred in the operation, maintenance, use and occupancy of the System. 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 System or the Revenues (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 Revenues 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 7.11 **No Competing Service**. To the extent permitted by law, the Local Government shall not provide or grant any franchise or provide or give consent for anyone else to provide any services that would compete with the System.

Section 7.12 **Engineering Services**. The Local Government shall retain or employ a Consulting Engineer to provide engineering services covering the operation of the System.

ARTICLE VIIII
NSURANCE, DAMAGE AND DESTRUCTION

Section 8.1 **Insurance**. The Local Government shall maintain or cause to be maintained insurance against such risks as are customarily insured against by public bodies operating municipal facilities and systems similar in size and character to the System, including, without limitation:

(a) Insurance in the amount of the full replacement cost of the municipal facilities' and the System's 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 in an amount sufficient per year (based on recommendations of the Local Government’s insurance carrier) 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 and/or the System.

(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 and utility systems of like size and character to the System. 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 existing 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) Any self-insurance plan or alternative risk management program maintained by the Local Government with respect to the Improvements will be a Qualified Self-Insurance Plan. A "Qualified Self-Insurance Plan" means any plan or program of self-insurance regarding which the Local Government shall have 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. The Local Government agrees to comply with such program unless a change therein is recommended by the Insurance Consultant. The Local Government agrees to 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. The Local Government agrees to follow such recommendations.

Section 8.3 **Notice of Damage, Destruction or Condemnation**. In case of (i) any damage to or destruction of any material part of the System, (ii) a taking of all or any part of the System or any right in it under the exercise of the power of eminent domain, (iii) any loss of the System 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 System 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 redeem the outstanding Local Bond pursuant to Section 6.2, 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 System 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 System 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 redeem the outstanding Local Bond pursuant to Section 6.2, the Local Government shall cause the net proceeds from any such condemnation award or from any title insurance to be applied to the restoration of the System 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 the Local Bond 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 Series of 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 Series of VRA Bonds, 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 Portion of VRA Bonds by a rebate calculation service selected by VRA.

Section 9.2 **Maintenance of Existence**. The Local Government shall maintain its existence as a municipal corporation of the Commonwealth under Virginia law, and shall not initiate any action to 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 annual audit shall include a supplemental schedule demonstrating whether the Local Government satisfied the rate covenant set forth in Section 5.2. 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 and the System's financial position as of the end of such Fiscal Year and the results of the Local Government's and the System'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 6.1(a)(5).

Section 9.6 **Assignment by Local Government**. The Local Government shall not assign its rights and obligations under the Local Bond or 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 the System, which financial statements shall 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 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 the Local Bond and any other of the Local Government's local bonds purchased with proceeds of the VRA Bonds represent 15% or more of the outstanding aggregate principal amount of the local bonds and leases 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 the Local Bond, 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 the Local Bond 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 the Local Bond that could affect the tax status of the Related Series of VRA Bonds, or other events with respect to the Local Bond that could affect the tax status of the Related Series of 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 the Local Bond;

(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 the Local Bond, 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 (d) above unless and until 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.

(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 Other Indebtedness. The Local Government shall pay when due all amounts required by any other indebtedness of the Local Government and perform all of its obligations in connection with all other indebtedness of the Local Government.

Section 9.9 Additional Indebtedness. The Local Government shall not incur any indebtedness or issue any bonds, notes or other evidences of indebtedness secured by a pledge of Revenues, except Parity Bonds or Subordinate Bonds issued in accordance with the following terms and conditions:

(a) The Local Government may issue Parity Bonds to (i) pay the cost of the acquisition or construction of improvements, extensions, additions or replacements to equipment or betterments of and any property, rights or easements deemed by the Local Government to be necessary, useful or convenient for the System or to refund Subordinate Bonds, (ii) refund some or all of the Local Bond (subject to the conditions of Section 6.2) or any other Parity Bonds or (iii) effect some combination of (i) and (ii), provided in each case the following conditions are satisfied. Before any Parity Bonds are issued or delivered, the Local Government shall deliver to VRA the following in form and substance satisfactory to VRA:

(1) If the Parity Bonds are authorized for any purpose other than the refunding of the Local Bond or other Parity Bonds, a certificate including supporting documentation (i) of a Consulting Engineer to the effect that the improvements or property which the proceeds from the issuance of the Parity Bonds will finance or refinance will be a part of, or are necessary, useful or convenient for, the System, (ii) of a Consulting Engineer to the effect that the funds available to the Local Government from the issuance of the Parity Bonds and other specified sources will be sufficient to pay the estimated cost of such improvements or property (or refinancing the same), (iii) of a Consulting Engineer to the effect that the period of time which will be required to complete such improvements or property, and (iv) (A) of a Consulting Engineer to the effect that the failure to make such improvements or acquire or construct such property

will result in an interruption or reduction, or the continuance of an interruption or reduction, of Revenues, or (B) of a Qualified Independent Consultant to the effect that during the first two complete Fiscal Years following the completion of the improvements or the acquisition or construction of the property (or refinancing the same), the projected Net Revenues Available for Debt Service will satisfy the rate covenant of Section 5.2 (assuming the rate covenant applied to all debt of the Local Government that is payable from Revenues, regardless of any specific pledge other than Subordinate Bonds). In providing this certificate, the Qualified Independent Consultant may take into consideration future System rate increases, provided that such rate increases have been duly approved by the Local Government's governing body and any other person and entity required to give approval for the rate increase to become effective. In addition, the Qualified Independent Consultant may take into consideration additional future Revenues to be derived under then existing contractual agreements entered into by the Local Government and from reasonable estimates of growth in the Local Government's customer base. In providing the certification in subsection (iv)(B) above, the Qualified Independent Consultant shall include supporting documentation.

(2) If the Parity Bonds are authorized solely to refund any Local Bond or other Parity Bonds either (i) a certificate or report of a Qualified Independent Consultant that the refunding Parity Bonds will have annual debt service requirements in each of the years the Local Bond or the other Parity Bonds to be refunded (the "Refunded Bonds") would have been outstanding that is lower than the annual debt service requirements in each such year on the Refunded Bonds, or (ii) a certificate of a Qualified Independent Consultant to the effect that in its opinion, during the first two complete Fiscal Years following the issuance of the refunding Parity Bonds, the projected Net Revenues Available for Debt Service will satisfy the rate covenant of Section 5.2. In providing the certificate described in clause (ii), the Qualified Independent Consultant may take into account the positive factors described in the last two sentences of subsection (a)(3) of this Section.

(b) If the Local Government is unable or unwilling to satisfy the conditions set forth in subsection (a) to the issuance and delivery of any issue of Parity Bonds, VRA may determine, in its sole discretion, to waive any or all of such conditions.

Section 9.10 Litigation; Material Change. The Local Government shall promptly notify VRA of (i) the existence and status of any litigation that the City Attorney or general counsel to the Local Government 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 System or the Local Government or its ability to perform its payment and other obligations under this Agreement or the Local Bond or (ii) any change in any material fact or circumstance represented or warranted in this Agreement.

ARTICLE X

DEFAULTS AND REMEDIES

Section 10.1 Events of Default. Each of the following events is an "Event of Default":

(a) The failure to pay any installment of principal of or premium, if any, on the Local Bond when due (whether at maturity, by mandatory or optional redemption, by acceleration or otherwise).

(b) The failure to pay any installment of interest (including Supplemental Interest) on the Local Bond when due.

(c) The failure to make any other payment or deposit required by this Agreement 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 the Local Bond or 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 the Local Bond is false and 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 and, if instituted against the Local Government, is not dismissed within 60 days after filing.

(g) Any proceeding shall be instituted, with the Local Government's consent or acquiescence, for the purpose of effecting a composition between the Local Government and its creditors or for the purpose of adjusting such creditors' claims under any federal or state statute now or hereafter enacted, if such claims are under any circumstances payable from the Revenues.

(h) An order or decree shall be entered, with the Local Government's consent or acquiescence, appointing a receiver or receivers of the System or any part of it or of the Revenues, 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.

(i) The occurrence of a default by the Local Government under the terms of any debt secured by a pledge of Revenues and the failure to cure such default or obtain a waiver thereof within any period of time permitted thereunder.

Section 10.2 Acceleration. Upon the occurrence and continuation of an Event of Default, VRA may, by notice in writing delivered to the Local Government, declare the entire unpaid principal of and interest on the Local Bond due and payable. Upon any such declaration, the Local Government shall immediately pay to the Trustee the entire unpaid principal of and accrued interest on the Local Bond. VRA may in its discretion waive an Event of Default and its consequences and rescind any acceleration of maturity of principal of and interest on the Local Bond.

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 the Local Bond or this Agreement. No remedy conferred by this Agreement upon or reserved to the registered owners of the Local Bond 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.

ARTICLE XI

MISCELLANEOUS

Section 11.1 State Aid Intercept. The Local Government acknowledges that VRA is treating the Local Bond 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 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 purchasing the Local Bond, 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 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 Reserved.

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 the Local Bond or 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 Three James Center, 1051 E. Cary Street, Suite 600, Richmond, Virginia 23219, Attention: Corporate Trust Department. 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 the Local Bond or 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 the Local Bond.

Section 11.9 **Term of Agreement**. This Agreement is effective as of the Effective Date. Except as otherwise specified, the Local Government's obligations under the Local Bond and this Agreement shall expire upon payment in full of the Local Bond and all other amounts payable by the Local Government under 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 Related Series of 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.

[Signature Pages Follow]

WITNESS the following signatures, all duly authorized.

VIRGINIA RESOURCES AUTHORITY

By: ______________________________
Shawn B. Crumlish, Executive Director

[Signature Page of Local Bond Sale and Financing Agreement –
City of Martinsville, Virginia]

CITY OF MARTINSVILLE, VIRGINIA

By: ________________________________
Name: ______________________________
Title: _______________________________

Address for Notices:

[TO BE COMPLETED]

[Signature Page of Local Bond Sale and Financing Agreement –
City of Martinsville, Virginia]

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: ______________________________

Monique L. Green, Vice President

EXHIBIT A

FORM OF LOCAL BOND

Interest on this bond is intended by the issuer thereof to be included in gross income for federal income tax purposes.

REGISTERED **REGISTERED**

R-1 **_____________, 2025**

UNITED STATES OF AMERICA

COMMONWEALTH OF VIRGINIA

THE CITY OF MARTINSVILLE

Electric Utility System General Obligation and Revenue Bond Series 2025

The City of Martinsville, Virginia (the "City"), a body politic and corporate of the Commonwealth of Virginia, for value received, acknowledges itself in debt and promises to pay to the Virginia Resources Authority, or its registered assigns or legal representative **("VRA")**, solely from the sources hereinafter described and pledged to the payment of this bond the principal sum of _________________________ DOLLARS ($_________). Principal of this bond shall be payable in annual installments in the amounts and on the dates set forth in Schedule I attached hereto. Interest on this bond shall be payable on each __________ and _____________, commencing _________, ____, computed on the basis of a 360-day year of twelve 30-day months at the rates set forth in Schedule I.

If any installment of principal of and interest on this bond is not paid to the registered owner of this bond within five days after its due date, the City shall pay to VRA a late payment charge in an amount equal to five percent (5%) of the overdue installment.

Subject to the provisions of the Local Bond Sale and Financing Agreement dated as of ____________ __, 2025 **(the "Local Bond Sale and Financing Agreement")**, between VRA and the City, so long as this bond is held by VRA or its registered assigns or legal representative, interest is payable by check or draft mailed to the registered owner of this bond at the address that appears on the 15th day of the month preceding each interest payment date on the registration books kept by the City's Chief Financial Officer, who has been appointed registrar and paying agent, or any successor bank or trust company **(the "Registrar")**. Principal of and premium, if any, and interest on this bond shall be payable in lawful money of the United States of America. In case any payment date on this bond shall not be a Business Day (as defined below), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such payment date.

"Business Day" means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

This bond has been authorized by a resolution adopted by the City Council of the City on September 16, 2025 **(the "Resolution")** and is issued pursuant to the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 and the Local Bond Sale and Financing Agreement. Proceeds of this bond will be used to provide funds to (a) finance the Project (as defined in the Local Bond Sale and Financing Agreement) and (b) pay the issuance and financing costs incurred in issuing this bond.

THIS BOND IS A GENERAL OBLIGATION OF THE CITY, FOR THE PAYMENT OF WHICH THE CITY'S FULL FAITH AND CREDIT ARE IRREVOCABLY PLEDGED. THE CITY COUNCIL OF THE CITY IS AUTHORIZED AND REQUIRED TO LEVY AND COLLECT, ANNUALLY AT THE SAME TIME AND IN THE SAME MANNER AS OTHER TAXES OF THE CITY ARE ASSESSED, LEVIED AND COLLECTED, A TAX UPON ALL TAXABLE PROPERTY WITHIN THE CITY, OVER AND ABOVE ALL OTHER TAXES AUTHORIZED OR LIMITED BY LAW AND WITHOUT LIMITATION AS TO RATE OR AMOUNT, SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL OF AND PREMIUM, IF ANY, AND COST OF FUNDS, IF ANY, ON THE BOND, TO THE EXTENT OTHER FUNDS OF THE CITY ARE NOT LAWFULLY AVAILABLE AND APPROPRIATED FOR SUCH PURPOSE.

Subject to the City's right to apply Revenues (as defined in the Local Bond Sale and Financing Agreement) to the payment of Operation and Maintenance Expenses (as defined in the Local Bond Sale and Financing Agreement), Revenues are irrevocably pledged for the payment of principal and premium, if any, and interest on this bond and the payment and performance of the City's obligations under the Local Bond Sale and Financing Agreement.

If any failure of the City to pay all or any portion of any required payment of the principal of or premium, if any, or interest on this bond results in a withdrawal from the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund, the Operating Reserve Fund and/or a drawing on any CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility (each as defined in the Local Bond Sale and Financing Agreement), the interest rates applicable to this bond shall be increased to interest rates sufficient to reimburse the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund and/or the Operating Reserve Fund for any foregone investment earnings on the funds withdrawn therefrom and/or pay any interest, fees or penalties assessed by the CRF Credit Provider and/or the Infrastructure Revenue DSRF Credit Provider as a result of the drawing on the CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility, as appropriate. The increment of interest payable pursuant to the increase in rates shall be referred to as "Supplemental Interest." The term "interest" as used in this bond shall include Supplemental Interest, when and if payable. The City's obligation to pay Supplemental Interest shall commence on the date of VRA's withdrawal of funds from the Capital Reserve Fund, the Infrastructure Revenue Debt Service Reserve Fund and/or the Operating Reserve Fund or the drawing on the CRF Credit Facility or the Infrastructure Revenue DSRF Credit Facility occasioned by the City's failure to pay a required payment or portion thereof as described above **(the "Supplemental Interest Commencement Date")**. The City's obligation to pay Supplemental Interest shall terminate on the date on which the City remedies such failure to pay by making all payments required but outstanding since the date of such 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 interest payment dates provided for in this bond. As soon as reasonably possible after the Supplemental Interest Commencement Date and before the next regularly scheduled interest payment date provided for in this bond, VRA shall deliver to the City 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.

Notwithstanding anything in this bond to the contrary, in addition to the payments of debt service provided for by this bond, the City shall pay, but only from its legally available funds, such additional amounts, if any, which may be necessary to provide for payment in full of all amounts due under the Local Bond Sale and Financing Agreement.

This bond may be redeemed, prepaid or refunded at the option of the City upon the terms set forth in the Local Bond Sale and Financing Agreement.

This bond is issuable as a fully registered bond. Upon surrender of this bond at the Registrar's office, together with an assignment duly executed by the registered owner or such owner's duly authorized attorney or legal representative in such form as shall be satisfactory to the Registrar, the City shall execute, and the Registrar shall authenticate and deliver in exchange, a new bond or bonds in the manner and subject to the limitations and conditions provided in the Resolution, having an equal aggregate principal amount, in authorized denominations, of the same series, form and maturity, bearing interest at the same rates and in the same manner, and registered in such names as requested by the then registered owner of this bond or such owner's duly authorized attorney or legal representative. Any such exchange shall be at the City's expense, except that the Registrar may charge the person requesting such exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Registrar shall treat the registered owner of this bond as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the owner, except that interest payments shall be made to the person shown as owner on the 15th day of the month preceding each interest payment date.

All acts, conditions and things required by the Constitution and statutes of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this bond have happened, exist and have been performed, and this bond, together with all other indebtedness of the City, is within every debt and other limitation prescribed by the Constitution and statutes of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Martinsville, Virginia, has caused this bond to be signed by its Mayor and the City's seal to be affixed hereto and attested by the Clerk or Deputy Clerk of the City, and this bond to be dated the date first above written.

(SEAL)

____
Mayor
City of Martinsville, Virginia

ATTEST:

____
Deputy Clerk
City of Martinsville, Virginia

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) unto

____
(please print or typewrite name and address including postal zip code of Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF TRANSFEREE

____

the within bond and all rights thereunder, hereby irrevocably constituting and appointing ____, Attorney, to transfer said bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _________________

Signature Guaranteed

____

NOTICE: Signature(s) must be guaranteed by an Eligible Guarantor Institution such as a Commercial Bank, Trust Company, Securities Broker/Dealer, Credit Union or Savings Association who is a member of a medallion program approved by The Securities Transfer Association, Inc.

____

(Signature of Registered Owner)

NOTICE: The signature above must correspond with the name of the registered owner as it appears on the front of this bond in every particular, without alteration or enlargement or any change whatsoever.

SCHEDULE I TO
CITY OF MARTINSVILLE, VIRGINIA
ELECTRIC UTILITY SYSTEM GENERAL OBLIGATION AND REVENUE BOND
SERIES 2025

Principal Installment Number	Principal Installment Amount	Principal Installment Due Date	Interest Rate

EXHIBIT B

DESCRIPTION OF THE PROJECT

The Project consists of the financing of acquisition, construction and equipping of public electric utility system improvements in the Local Government, together with related costs of issuance.

EXHIBIT C

PENDING OR THREATENED ACTIONS, SUITS, PROCEEDINGS, OR INVESTIGATIONS

None.

EXHIBIT D

FORM OF REQUISITION

Requisition No.

Date:

U.S. Bank Trust Company, National Association, as Trustee
Attention: Corporate Trust Department
Three James Center
1051 E. Cary Street
Suite 600
Richmond, Virginia 23219

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 Bond Sale and Financing Agreement dated as of September 19, 2025 (the "Financing Agreement") between the Virginia Resources Authority and the City of Martinsville, 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 Agreement. The undersigned Local Representative hereby requests payment of the following amounts from the Local Account established for the Local Government in the 2025C Acquisition Fund established under the Sixty-Second Supplemental Series Indenture.

Payee:

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 and solely and exclusively to the payment, or the reimbursement of the Local Government for its payment, of Project Costs of the construction portion of the 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 this 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 Consulting Engineer (Payments for Labor/Contractors) must be completed. If this Requisition includes payments for any lands or easements, or any rights or interest in or relating to lands, the attached Certificate of the Consulting Engineer (Land Interests) must be completed.

The Local Government has agreed in the Financing Agreement 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: City of Martinsville, Virginia – VRA 2025C
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 CONSULTING ENGINEER (PAYMENTS FOR LABOR/CONTRACTORS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or materialmen, (i) such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the Project and (ii) 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.

Date: _____________

____
Consulting Engineer

CERTIFICATE OF CONSULTING ENGINEER (LAND INTERESTS)

The undersigned Consulting Engineer for the Local Government hereby certifies that insofar as the amounts covered by the Requisition include payments for land or easements, rights or interests in or relating to lands, (i) such lands, easements, rights or interests are being acquired and are necessary or convenient for the construction of the Project, and (ii) upon payment therefor the Local Government will have title in fee simple to, or easements, rights or interests sufficient for the purposes of, the Project over and through the subject lands.

Date: _____________

____
Consulting Engineer

EXHIBIT E

OPERATING DATA

Description of Local Government. A description of the Local Government including a summary of its form of government, budgetary processes and a summary description of the System.

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. Financial information for the System, including a description of revenues and expenditures, largest users, a summary of rates, fees and other charges of the System, and a historical summary of debt service coverage.

EXHIBIT F

FORM OF OPINION OF COUNSEL TO THE LOCAL GOVERNMENT

[Print on the Letterhead of Counsel for the Local Government]

November 18, 2025

City Council
City of Martinsville, Virginia

Virginia Resources Authority
Richmond, Virginia

$__________
City of Martinsville, Virginia
Electric Utility System General Obligation and Revenue Bond,
Series 2025

Ladies and Gentlemen:

I have acted as counsel to the City of Martinsville, Virginia (the "Local Government"), in connection with the issuance and sale by the Local Government of its $__________ General Obligation and Revenue Bond, Series 2025 (the "Local Bond"), the net proceeds of which will be applied to finance the Project (as defined in the hereafter defined Financing Agreement) 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 Agreement), authorizing the issuance and sale of the Local Bond to Virginia Resources Authority ("VRA") to finance the Project;

(b) a copy of the Local Bond Sale and Financing Agreement dated as of September 19, 2025 (the "Financing Agreement"), by and between the Local Government and VRA; and

(c) a copy of the Local Tax Document (as defined in the Financing Agreement).

The documents referred to in clauses (b) and (c) above are referred to collectively as the "Local Bond 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 Agreement.

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 Bond 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 Bond 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 municipal corporation and body corporate and politic 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 Bond Documents and all related documents, (ii) undertake the Project, (iii) carry out and consummate all of the transactions contemplated by the Local Authorization and the Local Bond Documents, including owning and operating the System and (iv) levy and collect taxes to pay the principal of and interest on the Local Bond as provided in the Local Authorization, the Local Bond and the Local Bond Documents.

3. The Local Authorization has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

4. The Local Bond Documents were duly authorized by the Local Authorization, and the Financing Agreement is in substantially the same form as presented to the governing body of the Local Government at its meeting at which the Local Authorization was adopted.

5. 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 Bond Documents and the Local Bond, (iii) the Local Government's performance of its obligations under the Local Bond Documents and the Local Bond, and (iv) to the best of my knowledge, the operation and use of the System. 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.

6. The Local Bond 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. The Local Bond has been executed and delivered by duly authorized officials of the Local Government and constitutes a legal, valid and binding obligation of the Local Government enforceable against the Local Government in accordance with its terms. The obligations of the Local Government under the Financing Agreement and the Local Bond, 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.

7. The issuance of the Local Bond and the execution and delivery of the Local Bond 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) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Local Government or its property.

8. 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 Agreement, which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default thereunder.

9. 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 Bond or the Local Bond 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 Bond and the Local Bond Documents. The execution and delivery by the Local Government of the Local Bond and the Local Bond Documents and the 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.

10. Except as described in Exhibit C of the Financing Agreement, 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 Bond Documents or the issuance or delivery of the Local Bond, (iii) in any way contesting or affecting the validity or enforceability of the Local Bond, the Local Authorization, the Local Bond 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, the Local Bond Documents or the Local Bond, or (v) affecting the undertaking of the Project.

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 Bond Sale and Financing Agreement dated as of September 19, 2025 (the "Financing Agreement") between Virginia Resources Authority and the City of Martinsville, 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 Agreement.] [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 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 Local Bond 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 Agreement), 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 Local Bond as security for or the direct or indirect source of the payment of the principal of or interest on the Local Bond.] [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 the Local Tax Document.] [If untrue, please describe.]

10. Unless otherwise defined herein, each capitalized term used herein has the meaning set forth in the Local Tax Document.

Sincerely,

[Insert Name]
Local Representative

EXHIBIT H

DESCRIPTION OF SPECIAL USE ARRANGEMENTS

None.

EXHIBIT I

FORM OF ANNUAL BUDGET

[DATE]

Executive Director
Virginia Resources Authority
1111 East Main Street, Suite 1920
Richmond, VA 23219

Ladies and Gentlemen:

Pursuant to the Financing Agreement[s] between Virginia Resources Authority and the City of Martinsville, Virginia, dated as of September 19, 2025, a copy of the fiscal year [20xx] annual budget is enclosed. Such annual budget provides for the satisfaction of the rate covenant as demonstrated below.

Revenues	**Operation & Maintenance Expenses**	**Net Revenues Available for Debt Service** (Revenues – O&M Expenses)	**Debt Service**	***Coverage** (Net Revenues Available for Debt Service/Debt Service)

Unless otherwise defined herein, the capitalized terms used in this Certificate shall have the meanings set forth in the Financing Agreement[s].

Very truly yours,

By: ___________________________

Its: __________________________

EXHIBIT J

EXISTING PARITY BONDS

None.

EXHIBIT K

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

Principal Amount of VPFP Series 2025C (Tax-Exempt)	$
Principal Amount of VPFP Series 2025C (AMT)	-
Principal Amount of VPFP Series 2025C (Taxable)	-
Total Principal Amount of VPFP Series 2025C	$
Principal Amount of Local Bond	$__________
Purchase Price*	$

*The Purchase Price was determined as follows: by adding to the par amount of the Related Portion of VRA Bonds ($__________), the net premium on the Related Portion of VRA Bonds ($__________) and by subtracting from the par amount of the Related Portion of VRA Bonds the Local Government's share of VRA's Expenses set forth in Section 3.2 ($__________) and the Local Government's share of the deposit on the Closing Date to a VRA Reserve ($__________).

ADDITIONAL CONDITIONS PRECEDENT TO PURCHASE OF LOCAL BOND:

None.

ADDITIONAL CONDITIONS PRECEDENT TO FIRST REQUISITION OF PROCEEDS OF LOCAL BOND:

None.

PROJECT BUDGET

CITY OF MARTINSVILLE, VIRGINIA
INTEREST RATES AND PAYMENT SCHEDULE FOR LOCAL BOND

Item: 9.b.

STAFF REPORT

TO: City Council
FROM: Kris Bridges, Building Official , Hannah Powell, Community Development Specialist
SUBJECT: Hold a Public Hearing for Citizen Input of City and United Way Community Block Development Grant (CDBG) Application and Subsequently Discuss and Consider Approval of Request to Apply
STAFF/ DEPARTMENT RESPONSIBLE: Community Development
MEETING DATE: September 16, 2025

BACKGROUND/HISTORY:
The United Way of Henry County and Martinsville, in partnership with the City of Martinsville, is pursuing a Community Development Block Grant (CDBG) planning application to address growing challenges related to homelessness, substance use, and access to support services. In recent years, both Martinsville and Henry County have seen sharp increases in need, while existing services remain fragmented and difficult to navigate. At the same time, multiple local organizations are beginning to explore day center models, reinforcing the importance of a coordinated approach. This planning effort will evaluate current resources, identify gaps, and consider solutions ranging from improved service coordination to the potential establishment of a community day support center.

The CDBG Planning Grant provides up to $75,000 to support community assessments, planning, and engagement around local service needs. The United Way and its partners will lead this process by convening a project team, hosting public meetings, and developing a sustainable strategy for service delivery. While the project may ultimately support the creation of a day center, the broader goal is to design a coordinated system of health and social supports for low- and moderate-income households, particularly those experiencing homelessness and substance use disorders. Completion of this planning phase will position the community to apply for a future project grant to put the plan into action.

POLICY EXPLANATION:
Not Applicable

FISCAL IMPACT/FUNDING SOURCE:
CDBG Funding
Available Budget: Not Applicable
Purchase Amount: Not Applicable

ACTION REQUESTED/ALTERNATIVES

ATTACHMENTS:
None

Item: 9.e.

STAFF REPORT

TO: City Council
FROM: Peyton Nibblett, Deputy City Clerk
SUBJECT: Discuss and Consider Extending Charter Review Committee Terms to 12/31/2025
STAFF/ DEPARTMENT RESPONSIBLE: Boards and Commissions
MEETING DATE: September 16, 2025

BACKGROUND/HISTORY:
The City Council is asked to discuss and consider extending the terms of the Charter Review Committee to December 31, 2025. This extension will allow the Committee to present its findings during the Work Session scheduled for October 28, 2025, and provide sufficient time to incorporate any changes or recommendations that arise from that meeting.

POLICY EXPLANATION:
As terms were set by Resolution, an extension of terms must be made by Resolution.

FISCAL IMPACT/FUNDING SOURCE:
None
Available Budget: None
Purchase Amount: None

ACTION REQUESTED/ALTERNATIVES
City Council Approve of Term Extension

ATTACHMENTS:

1.	Charter Review Committee Resolution

RESOLUTION OF CITY COUNCIL OF THE CITY OF MARTINSVILLE, VIRGINIA EXTENDING THE TERM OF THE CHARTER REVIEW COMMITTEE TO DECEMBER 31, 2025

WHEREAS, by resolution duly adopted on February 25, 2025, the City Council of the City of Martinsville created a Charter Review Committee ("Committee") composed of five (5) citizens—Barbara Seymour; Gene Teague; Andy Hall; Jennifer Bowles; and Kimball Reynolds—with the duty to review the existing City Charter and to make recommended changes to improve the mode and manner of operation and efficiency of City affairs, with the Committee to submit its report **on or before September 23, 2025**; and

WHEREAS, the Council has deemed it necessary to allow additional time for the Committee to conduct a thorough, inclusive, and well-informed review of the City Charter; and

WHEREAS, it is in the best interests of the City for the Committee to continue its work without interruption and submit its final recommendations by the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF MARTINSVILLE:

Section 1. The Charter Review Committee, consisting of the following appointed citizens—Barbara Seymour; Gene Teague; Andy Hall; Jennifer Bowles; and Kimball Reynolds—is hereby authorized to extend its period of service beyond September 23, 2025.

Section 2. The Committee's **new deadline** for submitting its final recommendations and report to City Council is **on or before December 31, 2025**.

Section 3. Until such time as the final report is submitted by December 31, 2025, the Committee shall continue to operate under the same mission, scope, and guidelines previously established by Council, including any additional parameters Council has provided.

Section 4. Following the submission of the Committee's final recommendations and report to the City Council on or before December 31, 2025, the Charter Review Committee shall be **dissolved without** further action of the City Council.

Section 5. All other terms, conditions, responsibilities, and authorities previously granted to the Charter Review Committee by the February 25, 2025 resolution shall remain in full force and effect, except as expressly modified herein.

Ayes: Nays:

Absent: Abstentions:

Attest:

—---

Deputy City Clerk,

City of Martinsville, Virginia

Item: 9.f.

STAFF REPORT

TO: City Council
FROM: Kris Bridges, Building Official
SUBJECT: Discuss and Consider a request from West Piedmont Planning District Commission for the Martinsville Redevelopment & Housing Authority to transfer ownership of the property located at 922 Boden Street to WPPDC for the purpose of developing the property into a single-family three bedroom home
STAFF/ DEPARTMENT RESPONSIBLE: City Management
MEETING DATE: September 16, 2025

BACKGROUND/HISTORY:
Presented by Sean Cambell from West Piedmont Planning District Commission

Staff has been working with West Piedmont PDC regarding options for new housing construction on various vacant lots and properties owned by the City or the Housing Authority. The property at 922 Boden Street has been selected by WP as a project site as described in the attachment. The property is identified as Lot 4, 922 Boden Street, City Tax Map Number 36 (05)00/04, owned by Martinsville Redevelopment & Housing Authority since August, 2008, with the land value listed as $4500. If this project proves to be successful, it is anticipated that other vacant sites could be considered for future projects. All of the costs associated with transferring the property will be covered by West Piedmont PDC.

POLICY EXPLANATION:
N/A

FISCAL IMPACT/FUNDING SOURCE:
No City funds involved. Future impact will be real estate tax and utility account revenue coming to the City
Available Budget: N/A
Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES
Staff recommends transferring the property to WPPDC for the purpose noted. Since the property is owned by the Housing Authority, it will be necessary to recess as Council (motion, second,

voice vote as Council members) , convene a meeting of the Martinsville Redevelopment & Housing Authority (motion, second, voice vote as Authority members), transfer the property as described to WPPDC (motion, second, voice vote as Authority members), recess as the Housing Authority (motion, second, voice vote as Authority members), and the reconvene as Council (motion, second, voice vote as Council members).

ATTACHMENTS:

1.	WPPDC Request 922 Boden St
2.	922 Boden St PDF Map_Leon Towarnicki

West Piedmont Planning District Commission

P.O. Box 5268
Martinsville, VA 24115-5268
Phone: (276) 638-3987
Fax: (276) 638-8137
e-mail: staff@wppdc.org

Serving Franklin, Henry, Patrick, and Pittsylvania Counties - Cities of Danville and Martinsville - Town of Rocky Mount - Since 1970

Martinsville Acquisition and Development Proposal

The West Piedmont Planning District Commission (WPPDC) respectfully requests that the Martinsville Redevelopment and Housing Authority (MRHA) consider transferring ownership of the property located at 922 Boden Street to WPPDC for the amount of $1.00.

Project Plan
WPPDC proposes to develop this property into a single-family, three-bedroom modular home. The unit would be marketed exclusively to homebuyers earning at or below 80 percent of the Area Median Income (AMI) for an initial 60-day period. Following that timeframe, the home would be made available to buyers at any income level.

The housing market in Martinsville has shifted significantly since 2014. The median sale price has increased from $58,500 to $150,000, while the median number of days on the market has dropped from 158 to 65. These changes have created barriers for many first-time homebuyers, including those earning up to 120 percent of AMI. According to the 2024 WPPDC Regional Housing Study, conducted by the Virginia Center for Housing Research, the highest demand for single-family homes in the City of Martinsville is for two- and three-bedroom units.

To complete this development, WPPDC would leverage multiple funding sources. The Department of Housing and Community Development's (DHCD) *Acquire, Renovate, and Sell* program would provide $56,000, with the balance to be covered by WPPDC's housing development account. At the time of sale, both DHCD and WPPDC's contributions would be fully repaid, allowing these funds to be reinvested in future projects. By utilizing a modular home, the WPPDC anticipates project completion within approximately 4–5 months, based on current production timelines from the home manufacturer. Construction would commence within 60 days of the property transfer. Upon approval of the transfer, WPPDC will request a letter from MRHA confirming the transfer of ownership was approved. This documentation will enable WPPDC to notify DHCD and initiate the release of project funding.

We appreciate your consideration of this request and look forward to the opportunity to partner with MRHA to expand affordable housing opportunities in Martinsville.

Sincerely,

Sean L. Campbell
Deputy Director
West Piedmont Planning District Commission

Zoom Select Area Searches Print Map

X: 11088115.433599, Y: 3415004.864107 (FOOT)

1 Parcels - (

Item: 9.g.

STAFF REPORT

TO: City Council
FROM: Stephen Durbin, Outside Legal Counsel -- Sands Anderson
SUBJECT: Discuss and Consider A Resolution Adopting PPEA Guidelines and Standards
STAFF/ DEPARTMENT RESPONSIBLE: Legal
MEETING DATE: September 16, 2025

BACKGROUND/HISTORY:
At the recommendation of Sands Anderson, Staff would like for City Council to discuss and consider the formal adoption of PPEA Guidelines & Policy. Under Virginia Code § 56-575.3:1, our City (a "responsible public entity") must adopt and publicly post PPEA guidelines prior to requesting or considering any proposals under the PPEA.

POLICY EXPLANATION:
N/A

FISCAL IMPACT/FUNDING SOURCE:
N/A
Available Budget: N/A
Purchase Amount: N/A

ACTION REQUESTED/ALTERNATIVES
City Council Approve PPEA Guidelines.

ATTACHMENTS:

1.	PPEA Policy City of Martinsville 9.9.25
2.	PPEA
3.	A RESOLUTION OF THE CITY OF MARTINSVILLE CITY COUNCIL TO ADOPT GUIDELINES FOR THE CITY OF MARTINSVILLE FOR PARTICIPATION IN PUBLIC_PRIVATE EDUCATION F

City of Martinsville

Guidelines for

Public-Private Education Facilities and Infrastructure Act

City of Martinsville Guidelines for
Public-Private Education Facilities and Infrastructure Act of 2002

Table of Contents

Appendix.

I. Introduction

The Public-Private Education Facilities and Infrastructure Act of 2002 (the "PPEA")[1] grants City of Martinsville (the "City"), a responsible public entity as defined in the PPEA, the authority to create public-private partnerships for the development of a wide range of projects for public use if the City determines there is a public need for the project and that private involvement may provide the project to the public in a timely or cost-effective fashion. Individually negotiated interim comprehensive agreements between a private entity, as defined in the PPEA, and the City will define the respective rights and obligations of the City and the private entity. The complete text of the PPEA has been included in Appendix A to this policy. Although guidance with regard to the application of the PPEA is provided herein, it will be incumbent upon the City and all private entities to comply with the provisions of the PPEA.

In order for a project to come under the PPEA, it must meet the definition of a "qualifying project." The PPEA contains a broad definition of qualifying project that includes public buildings and facilities of all types; for example:

(i) Any education facility, including, but not limited to, a school building (including any stadium or other facility primarily used for school events), any functionally-related and subordinate facility and land to a school building, and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education;

(ii) A building or facility for principal use by any public entity that meets a public purpose and is developed or operated by or for any public entity;

(iii) Improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity;

(iv) Utility and telecommunications and other communications infrastructure;

(v) A recreational facility;

(vi) Technology infrastructure, and services including, but not limited to, telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services,

(vii) Technology, equipment, or infrastructure designed to deploy wireless broadband services to schools, businesses, or residential areas, or

(viii) Any improvements necessary or desirable to any unimproved locally- or state-owned real estate.

[1] Va. Code § 56-575.1 through § 56-575.18.

The PPEA establishes requirements that the City must adhere to when reviewing and approving proposals received pursuant to the PPEA. In addition, the PPEA specifies the criteria that must be used to select a proposal and the contents of the interim or comprehensive agreement detailing the relationship between the City and the private entity.

Consistent with the PPEA, including the amendments enacted to date, the City has adopted these guidelines for receiving and evaluating any proposal submitted to it under the provisions of the PPEA. These guidelines shall be made publicly available. The City Manager is designated to serve as the point of contact to receive proposals submitted under the PPEA and to respond to inquiries regarding the PPEA or the guidelines.

Because the PPEA is intended to encourage innovative partnerships between the City and private entities, the City will endeavor to maintain an open dialogue with private entities to discuss the need for infrastructure improvements.

In the event that the PPEA is amended in a manner that either conflicts with these Guidelines or concern material matters not addressed by these Guidelines, the City will endeavor to appropriately amend the Guidelines. If the Guidelines are not amended prior to the effective date of the new law, the guidelines nonetheless shall be interpreted in a manner to conform to the new law.

The City of Martinsville adopted these Guidelines on_____________________, by resolution duly adopted.

In accordance with the City directive, the City Manager will follow this policy to receive and evaluate any proposal submitted to the City under the provisions of the PPEA. The City must adopt any amendments to this policy.

The City Manager is authorized to designate a working group to be responsible for evaluating proposals and negotiating the interim or comprehensive agreement.

The City shall engage the services of qualified professionals, which may include an architect, professional engineer, or certified public accountant, not otherwise employed by the City, to provide independent analysis regarding the specifics, advantages, disadvantages, and the long and short-term costs of any request by a private entity for approval of a qualifying project unless the City determines that such analysis of a request by a private entity for approval of a qualifying project shall be performed by employees of the City.

II. General Provisions

A. Proposal Submission.

A proposal may be either solicited by the City or delivered by a private entity on an unsolicited basis. Proposers may be required to follow a two-part proposal submission process consisting of a conceptual phase and a detailed phase, as described herein.

The PPEA allows private entities to include innovative financing methods, including the imposition of user fees or service payments, in a proposal. Such financing arrangements may include the issuance of debt instruments, equity or other securities or obligations. The PPEA is a flexible development tool that allows the use of innovative financing techniques. Depending on the circumstances of each transaction, financing options might include the use of special purpose entities, sale and lease back transactions, enhanced use leasing, property exchanges, development agreements, conduit financing and other methods allowed by law.

Proposals should be prepared simply and economically, providing a concise description of the proposer's capabilities to complete the proposed qualifying project and the benefits to be derived from the project by the City. Project benefits to be considered are those occurring during the construction, renovation, expansion or improvement phase and during the life cycle of the project. Proposals also should include a comprehensive scope of work and a financial plan for the project, containing enough detail to allow an analysis by the City of the financial feasibility of the proposed project. The cost analysis of a proposal should not be linked solely to the financing plan as the City may determine to finance the project through other available means. The City may require the proposer to provide additional information and clarification to the submission.

B. Affected Jurisdictions.

Any private entity submitting a conceptual or detailed proposal to the City must, contemporaneously to the submission to the City, provide any affected jurisdiction with a copy of the private entity's proposal by certified mail, express delivery or hand delivery. Any affected jurisdiction shall have 60 days from the receipt of the proposal to submit written comments to the City and to indicate whether the proposed qualifying project is compatible with the (i) jurisdiction's comprehensive plan, (ii) jurisdiction's infrastructure development plans, and (iii) capital improvements budget or other government spending plan. Comments received within the 60-day period shall be given consideration by the City in evaluating the private entity's proposal, and no negative inference shall be drawn from the absence of comment by an affected jurisdiction.

C. Proposal Review Fee

The City shall receive analysis of the proposal from appropriate internal staff or outside advisors or consultants with relevant experience in evaluating a proposal and in determining whether to enter into an agreement with the private entity. The City may engage the services of the appropriate qualified professionals, which may include an architect, professional engineer, or certified public accountant, not otherwise employed by the City, in evaluating the specifics, advantages, disadvantages and the long- and short-term costs of any request by a private entity for approval of a qualifying project, unless the City determines that such analysis shall be performed by the employees of the City.

The City will charge a fee to the private entity to cover the costs of processing, reviewing, and evaluating any proposal submitted under the PPEA, including a fee to cover the costs of outside attorneys, engineers, consultants, and financial advisors. The fee charged for such review of a proposal will cover such an initial processing fee as well as Direct Costs such as

(i) the cost of staff time required to process, evaluate, review and respond to the proposal and (ii) the costs of attorneys, engineers, consultants and financial advisors.

Attachment B contains the fees that will be charged for the acceptance, review and evaluation of solicited and unsolicited proposals. Proposals must be accompanied by a certified check in the full amount of the fee. A proposal submitted without the fee payment will not be considered. Attachment B may be amended by the City.

D. Freedom of Information Act.

1. General applicability of disclosure provisions.

Proposal documents submitted by private entities are generally subject to the Virginia Freedom of Information Act ("FOIA") except that § 2.2-3705.6 (11) exempts certain documents from public disclosure. FOIA exemptions, however, are discretionary, and the City may elect to release some or all of documents except to the extent the documents are:

a. Trade secrets of the private entity as defined in the Uniform Trade Secrets Act (§59.1-336 et seq.);

b. Financial records of the private entity that are not generally available to the public through regulatory disclosure or otherwise, including but not limited to, balance sheets and financial statements; or

c. Other information submitted by a private entity, where if the record or document were made public prior to the execution of an interim or comprehensive agreement the financial interest or bargaining position of the City or private entity would be adversely affected.

2. Protection from mandatory disclosure for certain documents submitted by a private entity.

Before a document of a private entity may be withheld from disclosure, the private entity must make a written request to the City at the time the documents are submitted earmarking[2] with specificity the documents for which the protection is being sought, and a clear statement of the reasons for invoking the protection with reference to one or more of three classes of records listed in this Section, subsection D.1. (a-c).

Upon the receipt of a written request for protection of documents, the City shall determine whether the documents contain (i) trade secrets, (ii) financial records, or (iii) other information that would adversely affect the financial interest or bargaining position of the City or private entity in accordance with this Section, subsection D.1. The City shall make a written

[2] "Earmarking" denotes the process of identifying trade secrets and other proprietary records for which protection is sought.

determination of the nature and scope of the protection to be afforded by the City under this subdivision. If the written determination provides less protection than requested by the private entity, the private entity should be accorded an opportunity to withdraw its proposal. Nothing shall prohibit further negotiations of the documents to be accorded protection from release although what may be protected must be limited to the categories of records identified in Section D.1.

Once a written determination has been made by the City, the documents afforded protection under this subdivision shall continue to be protected from disclosure when in the possession of the City or any affected local jurisdiction to which such documents are provided.

3. If a private entity fails to earmark confidential or proprietary information, records or documents for protection from disclosure, such information, records or documents may be subject to disclosure under FOIA.

4. The City may withhold from disclosure memoranda, staff evaluations, or other records prepared by the City, its staff, outside advisors, or consultants exclusively for the evaluation and negotiation of proposals where (i) if such records were made public prior to or after the execution of an interim or a comprehensive agreement, the financial interest or bargaining position of the City would be adversely affected and (ii) the basis for the determination made pursuant to clause (i) is documented in writing by the City.

5. The City may not withhold from public access:

a. Procurement records other than those subject to the written determination of the City;

b. Information concerning the terms and conditions of any interim or comprehensive agreement, service contract, lease, partnership, or any agreement of any kind entered into by the City and the private entity;

c. Information concerning the terms and conditions of any financing arrangement that involves the use of any public funds; or

d. Information concerning the performance of any private entity developing or operating a qualifying transportation facility or a qualifying project.

E. Use of Public Funds.

Virginia constitutional and statutory requirements, and City policies as they apply to appropriation and expenditure of public funds, apply to any interim or comprehensive agreement entered into under the PPEA. Accordingly, the processes and procedural requirements associated with the expenditure or obligation of public funds, shall be incorporated into planning for any PPEA project or projects, and shall comply with the City's Fiscal Policies, where applicable.

F. Applicability of Other Laws.

Nothing in the PPEA shall affect the duty of the City to comply with all other applicable law not in conflict with the PPEA. The applicability of the Virginia Public Procurement Act (the "VPPA") is as set forth in the PPEA.

III. Solicited Proposals

The City may issue Requests for Proposals (RFPs), inviting bids or proposals from private entities to develop or operate qualifying projects. The City may use a two-part proposal process consisting of an initial conceptual phase and a detailed phase. The City will set forth in the solicitation the format and supporting information that is required to be submitted, consistent with the provisions of the PPEA.

The solicitation will specify, but not necessarily be limited to, information and documents that must accompany each proposal and the factors that will be used in evaluating the submitted proposals. The solicitation shall be posted in such public areas as are normally used for posting of the City's notices, including the City's public website. Additionally, the City may cause notice to be published in a newspaper or other publications of general circulation and advertised in *Virginia Business Opportunities* and/or its successor publication and posted on the Commonwealth's electronic procurement website. In addition notices shall also be posted pursuant to section V. The solicitation will also contain or incorporate by reference other applicable terms and conditions, including any unique capabilities or qualifications that will be required of the private entities submitting proposals. Pre-proposal conferences may be held as deemed appropriate by the City.

IV. Unsolicited Proposals

The PPEA permits the City to receive, evaluate and select for negotiations unsolicited proposals from private entities to develop or operate a qualifying project.

The City may publicize its needs and may encourage or notify interested parties to submit unsolicited proposals subject to the terms and conditions of the PPEA. When such proposals are received without issuance of a solicitation, the proposal shall be treated as an unsolicited proposal.

A. Decision to Accept and Consider Unsolicited Proposal; Notice.

1. Upon receipt of any unsolicited proposal or group of proposals and payment of any required fee by the proposer or proposers, the City will determine whether to accept the unsolicited proposal for publication and conceptual-phase consideration. If the City determines not to accept the proposal and not proceed to publication and conceptual-phase consideration, it shall return the proposal, together with all fees and accompanying documentation, to the proposer. The City reserves the right to reject any and all proposals at any time. If the City

rejects a proposal initiated by a private entity that purports to develop specific cost savings, the City shall specify the basis for the rejection.

2. If the City chooses to accept an unsolicited proposal for conceptual-phase consideration, it shall post a notice in a public area regularly used by the City for posting of public notices for a period of not less than 45 days. The City shall post such notices on its website and may also publish the same notice in one or more newspapers or periodicals of general circulation in the area in which the contract is to be performed to notify any parties that may be interested in submitting competing unsolicited proposals. In addition, the notice should also be advertised in *Virginia Business Opportunities* and/or its successor publication and on the Commonwealth's electronic procurement website. Interested parties shall have not less than 45 days from the date the notice is published to submit competing unsolicited proposals. The notice shall state that the City (i) has received and accepted an unsolicited proposal under the PPEA, (ii) intends to evaluate the proposal, (iii) may negotiate an interim or comprehensive agreement with the proposer based on the proposal, and (iv) will accept for simultaneous consideration any competing proposals that comply with the procedures adopted by the City and the PPEA. The notice also shall summarize the proposed qualifying project or projects, and identify their proposed locations.

3. Representatives of the City familiar with the proposal and the guidelines established by the City shall be made available to respond to inquiries and meet with private entities considering a proposal. The City shall conduct an analysis of the information pertaining to the proposal included in the notice to ensure that such information sufficiently encourages competing proposals. Further, for each proposal the City shall establish criteria, including key decision points and approvals, to ensure proper consideration of the extent of competition from available private entities prior to selection.

Prior to posting of the notices provided for in this Section, the City shall receive from the private entity or entities the balance due, if any, of the required fees as set forth in Appendix A.

B. Initial Review at the Conceptual Stage.

1. Only proposals complying with the requirements of the PPEA that contain sufficient information for a meaningful evaluation and that are provided in an appropriate format will be considered by the City for further review at the conceptual stage. Formatting suggestions for proposals at the conceptual stage are found at Section VI A.

2. The City will determine at this initial stage of review whether it will proceed using:

    a. Standard "competitive sealed bidding" procurement procedures consistent with the VPPA; or

b. Procurement procedures adopted by the City that are consistent with procurement of other than professional services through "competitive negotiation" as the term is defined in § 2.2-4301 of the Code of Virginia. The City may proceed using such procurement procedures only if it makes a written determination that doing so is likely to be advantageous to the City and the public based upon either (i) the probable scope, complexity or priority of need, (ii) the risk sharing including guaranteed cost or completion guarantees, added value or debt or equity investments proposed by the private entity, or (iii) increase in funding, dedicated revenue or other economic benefit that would otherwise not be available.

3. After reviewing the original proposal and any competing unsolicited proposals submitted during the notice period, the City may determine:

   a. not to proceed further with any proposal,

   b. to proceed to the detailed phase of review with the original proposal,

   c. to proceed to the detailed phase with a competing proposal, or

   d. to proceed to the detailed phase with multiple proposals.

4. Discussions between the City and private entities about the need for infrastructure improvements shall not limit the ability of the City to later determine to use standard procurement procedures to meet its infrastructure needs. The City retains the right to reject any proposal at any time prior to the execution of an interim or comprehensive agreement.

V. Posting Requirements

Conceptual proposals, whether solicited or unsolicited, shall be posted by the City within 10 working days after acceptance of such proposals in the following manner:

A. The City shall post on its public website and may, with the approval of the constituent members, post on the public websites of said members, or alternatively may post by publication, in a newspaper of general circulation in the area in which the contract is to be performed, a summary of the proposals and the location where copies of the proposals are available for public inspection. Posting may also be on the Department of General Services' web-based electronic procurement program commonly known as "eVA," in the discretion of the City.

B. Nothing shall be construed to prohibit the posting of the conceptual proposals by additional means deemed appropriate by the City so as to provide maximum notice to the public of the opportunity to inspect the proposals.

C. In addition to the posting requirements, at least one copy of the proposals shall be made available for public inspection. Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of subdivision 11 of §2.2-3705.6 shall not be required to be posted, except as otherwise agreed to by the City and the private entity. Any inspection of procurement transaction records shall be subject to reasonable restrictions to ensure the security and integrity of the records.

VI. Proposal Preparation and Submission

A. Format for Submissions at the Conceptual Stage.

The City will require that proposals at the conceptual stage contain information in the following areas: (1) qualifications and experience, (2) project characteristics, (3) project financing, (4) project benefit and compatibility and (5) any additional information as the City may reasonably request to comply with the requirements of the PPEA. Suggestions for formatting information to be included in both solicited and unsolicited proposals at this stage include:

1. Qualifications and Experience.

   a. Identify the legal structure of the firm or consortium of firms making the proposal. Identify the organizational structure for the project, the management approach and how each partner and major subcontractor ($1 million or more) in the structure fits into the overall team. All members of the operator/offeror's team, including major subcontractors known to the proposer must be identified at the time a proposal is submitted for the Conceptual Stage. Identified team members, including major subcontractors (over $5 million), may not be substituted or replaced once a project is approved and comprehensive agreement entered into, without the written approval of the City. Include the status of the Virginia license of each partner, proposer, contractor, and major subcontractor.

   b. Describe the experience of the firm or consortium of firms making the proposal and the key principals involved in the proposed project including experience with projects of comparable size and complexity. Describe the length of time in business, business experience, public sector experience and other engagements of the firm or consortium of firms. Describe the past safety performance record and current safety capabilities of the firm or consortium of firms. Describe the past technical performance history on recent projects of comparable size and complexity, including disclosure of any legal claims, of the firm or consortium of firms. Include the identity of any firms that will provide design, construction and completion guarantees and warranties and a description of such guarantees and warranties.

c. For each firm or major subcontractor ($1 million or more) that will be utilized in the project, provide a statement listing all of the firm's prior projects and clients for the past three years and contact information for same (names/addresses/telephone numbers). If a firm has worked on more than ten (10) projects during this period, it may limit its prior project list to ten (10), but shall first include all projects similar in scope and size to the proposed project and, second, it shall include as many of its most recent projects as possible. Each firm or major subcontractor shall be required to submit all performance evaluation reports or other documents which are in its possession evaluating the firm's performance during the preceding three years in terms of cost, quality, schedule maintenance, safety and other matters relevant to the successful project development, operation, and completion.

d. Provide the names, addresses, and telephone numbers of persons within the firm or consortium of firms who may be contacted for further information.

e. Provide a current or most recently audited financial statement of the firm or firms and each partner with an equity interest of twenty percent or greater.

f. Identify any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2.

g. Identify proposed plan for obtaining sufficient numbers of qualified workers in all trades or crafts required for the project.

h. For each firm or major subcontractor that will perform construction and/or design activities, provide the following information:

(1) A sworn certification by an authorized representative of the firm attesting to the fact that the firm is not currently debarred or suspended by any federal, state or local government entity.

(2) A completed qualification statement on a form developed by the Commonwealth that reviews all relevant information regarding technical qualifications and capabilities, firm resources and business integrity of the firm, including but not limited to, bonding capacities, insurance coverage and firm equipment. This statement shall also include a

mandatory disclosure by the firm for the past three years any of the following conduct:

(A) Bankruptcy filings

(B) Liquidated damages

(C) Fines, assessments or penalties

(D) Judgments or awards in contract disputes

(E) Contract defaults, contract terminations

(F) License revocations, suspensions, other disciplinary actions

(G) Prior debarments or suspensions by a governmental entity

(H) Denials of pre-qualification, findings of non-responsibility

(I) Safety past performance data, including fatality incidents, "Experience Modification Rating," "Total Recordable Injury Rate" and "Total Lost Workday Incidence Rate"

(J) Violations of any federal, state or local criminal or civil law

(K) Criminal indictments or investigations

(L) Legal claims filed by or against the firm

i. Worker Safety Programs: Describe worker safety training programs, job-site safety programs, accident prevention programs, written safety and health plans, including incident investigation and reporting procedures.

2. Project Characteristics.

a. Provide a description of the project, including the conceptual design. Describe the proposed project in sufficient detail so that type and intent of the project, the location, and the communities that may be affected are clearly identified.

b. Identify and fully describe any work to be performed by the City or any other public entity.

c. Indicate if environmental and archaeological assessments have been completed.

d. Include a list of all federal, state and local permits and approvals required for the project and a schedule for obtaining such permits and approvals.

e. Identify any anticipated adverse social, economic, environmental and transportation impacts of the project. Specify the strategies or actions to mitigate known impacts of the project. Indicate if environmental and archaeological assessments have been completed.

f. Identify the projected positive social, economic, environmental and transportation impacts of the project.

g. Identify the proposed schedule for the work on the project, including sufficient time for the City's review and the estimated time for completion.

h. Propose allocation of risk and liability, and assurances for timely completion of the project.

i. State assumptions related to ownership, legal liability, law enforcement and operation of the project and the existence of any restrictions on the City's use of the project.

j. Provide information relative to phased openings of the proposed project.

k. List any other assumptions relied on for the project to be successful.

l. List any contingencies that must occur for the project to be successful.

3. Project Financing.

a. Provide a preliminary estimate and estimating methodology of the cost of the work by phase, segment, or both.

b. Submit a plan for the development, financing and operation of the project showing the anticipated schedule on which funds will be required. Describe the anticipated costs of and proposed sources and uses for such funds, including any anticipated debt service costs. The operational plan should include appropriate staffing levels and associated costs based upon the City's adopted operational standards.

c. Include a list and discussion of assumptions underlying all major elements of the plan.

d. Identify the proposed risk factors and methods for dealing with these factors. Describe methods and remedies associated with any financial default.

e. Identify any local, state or federal resources that the proposer contemplates requesting for the project along with an anticipated schedule of resource requirements. Describe the total commitment, if any, expected from governmental sources and the timing of any anticipated commitment, both one-time and on-going. Identify the need, if any, for the City or its constituent members to provide either their general obligation or moral obligation backing.

f. The underlying assumptions should address this need and/or state that the credit would be via a "Service Agreement", for example. Any debt issuance should be expected to receive an investment grade rating from a nationally recognized statistical rating agency. If the natural rating is not investment grade, the City may require the use of credit enhancements.

g. Outline what impact, if any, a drop or increase in interest rates would have on the ultimate annual project cost. Indicate if there is a method to refinance for cost savings or whether the private entity alone stands to receive the benefit of this potential.

h. Outline the financial penalties, if any, that would result should the City wish to terminate a project early or restructure the cash flows for some reason of its own choosing. The private entity should be specific on this point.

i. Provide a breakout of the fees to any underwriting firm(s) and the type of obligation the firm(s) are using with a financing component. Be specific as to tax-exempt, taxable, floating rate, fixed rate, etc.

j. Identify the amounts and the terms and conditions for any revenue sources.

k. Identify any aspect of the project that could disqualify the project for obtaining tax-exempt financing.

4. Project Benefit and Compatibility.

a. Identify who will benefit from the project, how they will benefit and how the project will benefit the City and the overall community (e.g. amount of tax revenue generated, numbers of jobs generated and pay and fringe benefits from such jobs, apprenticeship and training programs).

b. Identify any anticipated public support or opposition, as well as any anticipated government support or opposition (including that in any affected jurisdiction), for the project.

c. Explain the strategy and plans, including the anticipated timeline that will be carried out to involve and inform the general public, business community, and governmental agencies in areas affected by the project.

d. Describe any anticipated significant benefits to the community and the City, including anticipated benefits to the economic, social, environmental, transportation, etc., condition of the City's constituent members.

e. Compatibility with the comprehensive plans of the City's constituent members, and/or the affected jurisdiction's local comprehensive plan (including related environmental, land use and facility standards ordinances, where applicable), infrastructure development plans, transportation plans, the capital improvements plan and capital budget or other government spending plan.

5. Additional Information.

a. Any additional information as the City may reasonably request.

B. Format for Submissions at the Detailed Stage.

If the City decides to proceed to the detailed phase of review with one or more proposals, the following information should be provided by the private entity unless waived by the City:

1. A topographical map (1:2,000 or other appropriate scale) depicting the location of the proposed project;

2. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the proposer to accommodate such crossings;

3. Conceptual site plan indicating proposed location and configuration of the project on the proposed site;

4. Conceptual (single line) plans and elevations depicting the general scope, appearance and configuration of the proposed project;

5. Detailed description of the proposed participation, use and financial involvement of the City in the project. Include the proposed terms and conditions for the project if they differ from the City's standard General Terms and Conditions;

6. Information relating to the current plans for development of facilities to be used by a public entity that are similar to the qualifying project being proposed by the private entity, if any, of each affected jurisdiction;

7. A statement and strategy setting out the plans for securing all necessary property and/or easements. The statement must include the names and addresses, if known, of the current owners of the subject property as well as a list of any property the proposer intends to request the City or affected jurisdiction to condemn;

8. A detailed listing of all firms, along with their relevant experience and abilities, that will provide specific design, construction and completion guarantees and warranties, and a brief description of such guarantees and warranties along with a record of any prior defaults for performance;

9. A total life-cycle cost, including maintenance, specifying methodology and assumptions of the project or projects including major building systems (e.g., electrical, mechanical, etc.), and the proposed project start date. Include anticipated commitment of all parties; equity, debt, and other financing mechanisms; and a schedule of project revenues and project costs. The life-cycle cost analysis should include, but not be limited to, a detailed analysis of the projected return, rate of return, or both, expected useful life of facility and estimated annual operating expenses using City adopted service levels and standards;

10. A detailed discussion of assumptions about user fees or rates, lease payments and other service payments, and the methodology and circumstances for changes, and usage of the projects over the useful life of the projects;

11. Identification of any known government support or opposition, or general public support or opposition for the project. Government or public support should be demonstrated through resolution of official bodies, minutes of meetings, letters, or other official communications;

12. Demonstration of consistency with appropriate comprehensive plans of the City's constituent members and/or affected jurisdiction (including related environmental, land use and facility standards ordinances, where applicable), infrastructure development plans, transportation plans, the capital improvement plan and capital budget, or indication of the steps required for acceptance into such plans;

13. Explanation of how the proposed project would impact the local development plans of each affected local jurisdiction

14. Description of an ongoing performance evaluation system or database to track key performance criteria, including but not limited to, schedule, cash management, quality, worker safety, change orders, and legal compliance.

15. Identification of any known conflicts of interest or other factors that may impact the City's consideration of the proposal, including the identification of any persons known to the proposer who would be obligated to disqualify themselves from participation in any transaction arising from or in connection to the project pursuant to The Virginia State and Local Government Conflict of Interest Act, Chapter 31 (§ 2.2-3100 et seq.) of Title 2.2; and

16. Additional material and information as the City may reasonably request.

VII. Proposal Evaluation and Selection Criteria

The following items, **along with the specified information required under VI.A and VI.B above**, shall be considered in the evaluation and selection of PPEA proposals.

A. Qualifications and Experience.

Factors to be considered in either phase of the City's review to determine whether the responsible proposer possesses the requisite qualifications and experience will include, along with the specified information required under V.A and V.B above, the following:

1. Experience with similar projects;

2. Demonstrated ability to perform work;

3. Demonstrated record of successful past performance, including timeliness of project delivery, compliance with plans and specifications, quality of workmanship, cost-control and project safety;

4. Demonstrated conformance with applicable laws, codes, standards, regulations, and agreements on past projects;

5. Leadership structure;

6. Project manager's experience;

7. Management approach;

8. Project staffing plans, the skill levels of the proposed workforce, apprenticeship and other training programs offered for the project, and the proposed safety plans for the project;

9. Financial condition; and

10. Project ownership.

B. Project Characteristics

Factors to be considered in determining the project characteristics include, along with the specified information required under V.A and V.B above, the following:

1. Project definition;
2. Proposed project schedule;
3. Operation of the project;
4. Technology; technical feasibility;
5. Conformity to applicable laws, regulations, codes, guidelines and standards;
6. Environmental impacts;
7. Condemnation impacts;
8. Studies and analyses related to the project;
9. State and local permits; and
10. Maintenance of the project.

C. Project Financing

Factors to be considered in determining whether the proposed project financing allows adequate access to the necessary capital to finance the project include, along with the specified information required under VI.A and VI.B above, the following:

1. Cost and cost benefit to the City;
2. Financing and the impact on the debt or debt burden of the City;
3. Financial plan, including default implications, overall feasibility and reliability of plan; operator's past performance with similar plans and similar projects; degree to which operator has conducted due diligence investigation and analysis of proposed financial plan and results of any such inquiries or studies;
4. Opportunity costs assessments;
5. Estimated cost; including debt source, operating costs, etc.;
6. Life-cycle cost analysis;
7. The identity, credit history, and past performance of any third party that will provide financing for the project and the nature and timing of their commitment, as applicable.

8. Such other items as the public entity deems appropriate.

In the event that any project is financed through the issuance of obligations that are deemed to be tax-supported debt of the public entity, or if financing such a project may impact the public entity's debt rating or financial position, the public entity may select its own finance team, source, and financing vehicle.

D. Project Benefit and Compatibility

Factors to be considered in determining the proposed project's compatibility with the appropriate local or regional comprehensive or development plans include, along with the specified information required under VI.A and VI.B above, the following:

1. Community benefits;
2. Community support or opposition, or both;
3. Public involvement strategy;
4. Compatibility with existing and planned facilities;
5. Compatibility with local, regional, and state economic development efforts; and
6. Compatibility with the appropriate local and/or affected jurisdiction's land use and transportation plans.

E. Other Factors

Other factors that may be considered by a responsible public entity in the evaluation and selection of PPEA proposals include:

1. The proposed cost of the qualifying project;
2. The general reputation, industry experience, and financial capacity of the private entity;
3. The proposed design of the qualifying project;
4. The eligibility of the project for accelerated documentation, review, and selection;
5. Local citizen and government comments;
6. Benefits to the public, including financial and non-financial;
7. The private entity's compliance with a minority business enterprise participation plan or good faith effort to comply with the goals of such plan;
8. The private entity's plans to employ local contractors and residents;

9. The recommendation of a committee of representatives of members of the public entity and the appropriating body which may be established to provide advisory oversight for the project; and

10. Other criteria that the responsible public entity deems appropriate.

VIII. Interim and Comprehensive Agreement

Prior to developing or operating the qualifying project, the selected private entity shall enter into a comprehensive agreement with the City. Prior to entering a comprehensive agreement an interim agreement may be entered into that permits a private entity to perform compensable activities related to the project. The City shall not accept liability for any part or phase of a project prior to entering into a properly executed interim or comprehensive agreement. Each interim or comprehensive agreement shall define the rights and obligations of the City and the selected proposer with regard to the project.

Development of an interim agreement is in the sole discretion of the City, and in no way limits the rights reserved by the City to terminate the evaluation of any or all proposals at any time.

A. Interim Agreement Terms

The scope of an interim agreement may include but need not be limited to:

1. Project planning and development;

2. Design and engineering;

3. Environmental analysis and mitigation;

4. Survey;

5. Ascertaining the availability of financing for the proposed facility through financial and revenue analysis;

6. Establish a process and timing of the negotiation of the comprehensive agreement; and

7. Any other provisions related to any aspect of the development or operation of a qualifying project that the City may deem appropriate prior to the execution of a comprehensive agreement.

B. Comprehensive Agreement Terms

The scope of the comprehensive agreement shall be tailored to address the specifics of the project and shall include but not be limited to:

1. The delivery of maintenance, performance and payment bonds or letters of credit in connection with any acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, or operation of the qualifying project;

2. The review and approval of plans and specifications for the qualifying project by the City;

3. The rights of the City to inspect the qualifying project to ensure compliance with the comprehensive agreement;

4. The maintenance of a policy or policies of liability insurance or self-insurance reasonably sufficient to insure coverage of the project and the tort liability to the public and employees and to enable the continued operation of the qualifying project;

5. The monitoring of the practices of the private entity by the City to ensure proper maintenance, safety, use and management of the qualifying project;

6. The terms under which the private entity will reimburse the City for services provided;

7. The policy and procedures that will govern the rights and responsibilities of the City and the private entity in the event that the comprehensive agreement is terminated or there is a material default by the private entity including the conditions governing assumption of the duties and responsibilities of the private entity by the City and the transfer or purchase of property or other interests of the private entity by the City;

8. The terms under which the private entity will file appropriate financial statements on a periodic basis;

9. The mechanism by which user fees, lease payments, or service payments, if any, may be established from time to time upon agreement of the parties. Any payments or fees shall be the same for persons using the facility under like conditions and that will not materially discourage use of the qualifying project;

    a. A copy of any service contract shall be filed with the City.

    b. A schedule of the current user fees or lease payments shall be made available by the private entity to any member of the public upon request.

    c. Classifications according to reasonable categories for assessment of user fees may be made.

10. The terms and conditions under which the City will contribute financial resources, if any, for the qualifying project;

11. The terms and conditions under which existing site conditions will be assessed and addressed, including identification of the responsible party for conducting the assessment and taking necessary remedial action; and

12. Other requirements of the PPEA or provisions that the City determines serve the public purpose of the PPEA.

The comprehensive and/or interim agreement and any amendments thereto shall be approved and entered into in writing by the City's governing board.

Parties submitting proposals understand that representations, information and data supplied in support of, or in connection with proposals play a critical role in the competitive evaluation process and in the ultimate selection of a proposal by the City. Accordingly, as part of the Comprehensive Agreement, the party submitting a proposal and its team members shall certify that all material representations, information and data provided in support of, or in connection with, a proposal is true and correct. Such certifications shall be made by authorized individuals who have knowledge of the information provided in the proposal. In the event that material changes occur with respect to any representations, information or data provided for a proposal, the prospective operator shall immediately notify the City of same. Any violation of this section of the Comprehensive Agreement shall give the City the right to terminate the Agreement, withhold payment or other consideration due, and seek any other remedy available under the law.

The comprehensive agreement may provide for the development or operation of phases or segments of a qualifying project.

C. Notice and Posting Requirements

1. In addition to the posting requirements of Section V, 30 days prior to entering into an interim or comprehensive agreement, the City shall provide an opportunity for public comment on the proposals. Such public comment period may include a public hearing in the sole discretion of the City. After the end of the public comment period, no additional posting shall be required based on any public comment received.

2. Once the negotiation phase for the development of an interim or a comprehensive agreement is complete and a decision to award has been made by the City, the City shall post the proposed agreement in the following manner:

    a. The City shall post on its website, or by publication, in a newspaper of general circulation in the area in which the contract is to be performed, a summary of the proposals and the location where copies of the proposals are available for public inspection. Posting may also be on the Department of General Services' web-based electronic procurement program commonly known as "eVA," in the discretion of the City.

b. In addition to the posting requirements, at least one copy of the proposals shall be made available for public inspection. Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of subdivision 11 of §2.2-3705.6 shall not be required to be posted, except as otherwise agreed to by the City and the private entity.

3. Once an interim agreement or a comprehensive agreement has been entered into, the City shall make procurement records available for public inspection, upon request.

a. Such procurement records shall, as required by the FOIA, include such documents protected from disclosure during the negotiation phase on the basis that the release of such documents would have adversely affected the financial interest or bargaining position of the City or private entity in accordance with Section II.D.2.

b. Such procurement records shall not include (i) trade secrets of the private entity as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.) or (ii) financial records, including balance sheets or financial statements of the private entity that are not generally available to the public through regulatory disclosure or otherwise.

IX. Governing Provisions

In the event of any conflict between these provisions and the PPEA, the terms of the PPEA shall control.

Attachment B

FEES FOR THE REVIEW OF PROPOSALS

Unsolicited proposals:

Step I: Submittal Fee: the private entity shall pay a fee of 0.5% of the estimated project value, not to exceed $5,000 as a submittal fee. This fee shall not be refundable, unless the City determines not to accept the proposal for consideration, in which case the proposal and all fees and supporting documentation shall be returned to the private entity, in accordance with Section 56-575.4 of the Code of Virginia of 1950, as amended.

Step II: Review and Evaluation Fee: the private entity shall pay a fee of 1% of the estimated project value, not to exceed $50,000, as well as all other Direct Costs in evaluating the proposal should the Review and Evaluation Fee not cover these costs. Should the Review and Evaluation Fee exceed the Direct Costs the unused funds will be refunded.

Step III. Review and Evaluation Fee for Competing Proposals: a private entity which submits a competing proposal in response the public announcement must pay a fee of 1% of the estimated project value, not to exceed $50,000, as well as all other Direct Costs in evaluating the proposal should the Review and Evaluation Fee not cover these costs. Should the Review and Evaluation Fee exceed the Direct Costs the unused funds will be refunded.

Solicited proposals:

Step I: Submittal Fee: the private entity shall pay a fee of $750 which is non-refundable. Notwithstanding the foregoing, if the solicitation document so provides, submittal fees shall be waived.

Step II: Review and Evaluation Fee: each private entity whose proposal is under consideration will be required to pay 0.5% of the estimated project value, not to exceed $50,000, as well as all other Direct Costs in evaluating the proposal should the Review and Evaluation Fee not cover these costs. Should the Review and Evaluation Fee exceed the Direct Costs the unused funds will be refunded. Notwithstanding the foregoing, if the solicitation document so provides, submittal fees shall be waived.

Chapter 22.1. The Public-Private Education Facilities and Infrastructure Act of 2002

§ 56-575.1. Definitions

As used in this chapter, unless the context requires a different meaning:

"Affected jurisdiction" means any county, city or town in which all or a portion of a qualifying project is located.

"Appropriating body" means the body responsible for appropriating or authorizing funding to pay for a qualifying project.

"Commission" means the State Corporation Commission.

"Comprehensive agreement" means the comprehensive agreement between the private entity and the responsible public entity required by § 56-575.9.

"Develop" or "development" means to plan, design, develop, finance, lease, acquire, install, construct, or expand.

"Interim agreement" means an agreement between a private entity and a responsible public entity that provides for phasing of the development or operation, or both, of a qualifying project. Such phases may include, but are not limited to, design, planning, engineering, environmental analysis and mitigation, financial and revenue analysis, or any other phase of the project that constitutes activity on any part of the qualifying project.

"Lease payment" means any form of payment, including a land lease, by a public entity to the private entity for the use of a qualifying project.

"Material default" means any default by the private entity in the performance of its duties under subsection E of § 56-575.8 that jeopardizes adequate service to the public from a qualifying project.

"Operate" means to finance, maintain, improve, equip, modify, repair, or operate.

"Private entity" means any natural person, corporation, general partnership, limited liability company, limited partnership, joint venture, business trust, public benefit corporation, non-profit entity, or other business entity.

"Public entity" means the Commonwealth and any agency or authority thereof, any county, city or town and any other political subdivision of the Commonwealth, any public body politic and corporate, or any regional entity that serves a public purpose.

"Qualifying project" means (i) any education facility, including, but not limited to a school building, any functionally related and subordinate facility and land to a school building (including any stadium or other facility primarily used for school events), and any depreciable property provided for use in a school facility that is operated as part of the public school system or as an institution of higher education; (ii) any building or facility that meets a public purpose and is developed or operated by or for any public entity; (iii) any improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity; (iv) utility and telecommunications and other communications infrastructure; (v) a recreational facility; (vi) technology infrastructure, services, and applications, including, but not limited to, telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services; (vii) any services designed to increase the productivity or efficiency of the responsible public entity through the use of technology or other means, (viii) any technology, equipment, or infrastructure designed to deploy wireless broadband services to schools, businesses, or residential areas; (ix) any improvements necessary or desirable to any unimproved locally- or state-owned real estate; or (x) any solid waste management facility as defined in § 10.1-1400 that produces electric energy derived from solid waste.

"Responsible public entity" means a public entity that has the power to develop or operate the applicable qualifying project.

"Revenues" means all revenues, income, earnings, user fees, lease payments, or other service payments arising out of or in connection with supporting the development or operation of a qualifying project, including without limitation, money received as grants or otherwise from the United States of America, from any public entity, or from any agency or instrumentality of the foregoing in aid of such facility.

"Service contract" means a contract entered into between a public entity and the private entity pursuant to § 56-575.5.

"Service payments" means payments to the private entity of a qualifying project pursuant to a service contract.

"State" means the Commonwealth of Virginia.

"User fees" mean the rates, fees or other charges imposed by the private entity of a qualifying project for use of all or a portion of such qualifying project pursuant to the comprehensive agreement pursuant to § 56-575.9.

2002, c. 571;2003, c. 1034;2005, cc. 618, 865;2007, cc. 649, 764;2008, cc. 273, 731;2009, cc. 754, 762.

§ 56-575.2. Declaration of public purpose
A. The General Assembly finds that:

1. There is a public need for timely acquisition, design, construction, improvement, renovation, expansion, equipping, maintenance, operation, implementation, or installation of education facilities, technology infrastructure and other public infrastructure and government facilities within the Commonwealth that serve a public need and purpose;

2. Such public need may not be wholly satisfied by existing methods of procurement in which qualifying projects are acquired, designed, constructed, improved, renovated, expanded, equipped, maintained, operated, implemented, or installed;

3. There are inadequate resources to develop new education facilities, technology infrastructure and other public infrastructure and government facilities for the benefit of citizens of the Commonwealth, and there is demonstrated evidence that public-private partnerships can meet these needs by improving the schedule for delivery, lowering the cost, and providing other

benefits to the public;

4. Financial incentives exist under state and federal tax provisions that promote public entities to enter into partnerships with private entities to develop qualifying projects;

5. Authorizing private entities to develop or operate one or more qualifying projects may result in the availability of such projects to the public in a more timely or less costly fashion, thereby serving the public safety, benefit, and welfare.

B. An action under § 56-575.4 shall serve the public purpose of this chapter if such action facilitates the timely development or operation of qualifying projects.

C. It is the intent of this chapter, among other things, to encourage investment in the Commonwealth by private entities and facilitate the bond financing provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 or other similar financing mechanisms, private capital and other funding sources that support the development or operation of qualifying projects, to the end that financing for qualifying projects be expanded and accelerated to improve and add to the convenience of the public, and such that public and private entities may have the greatest possible flexibility in contracting with each other for the provision of the public services that are the subject of this chapter.

D. This chapter shall be liberally construed in conformity with the purposes hereof.

2002, c. 571;2003, c. 1034;2005, c. 865.

§ 56-575.3. Prerequisite for operation of a qualifying project

A. Any private entity seeking authorization under this chapter to develop or operate a qualifying project shall first obtain approval of the responsible public entity under § 56-575.4. Such private entity may initiate the approval process by requesting approval pursuant to subsection A of § 56-575.4 or the responsible public entity may request proposals or invite bids pursuant to subsection B of § 56-575.4.

B. Any facility, building, infrastructure or improvement included in a proposal as a part of a qualifying project shall be identified specifically or conceptually.

C. Upon receipt by the responsible public entity of a proposal submitted by a private entity initiating the approval process pursuant to subsection A of § 56-575.4, the responsible public entity shall determine whether to accept such proposal for consideration in accordance with § 56-575.16. If the responsible public entity determines not to accept for consideration the proposal submitted by the private entity pursuant to subsection A of § 56-575.4, it shall return the proposal, together with all fees and accompanying documentation, to the private entity.

D. The responsible public entity may reject any proposal initiated by a private entity pursuant to subsection A of § 56-575.4 at any time. If the responsible public entity rejects a proposal initiated by a private entity that purports to develop specific cost savings, the public entity shall specify the basis for the rejection.

2002, c. 571;2003, cc. 292, 1034;2005, c. 865;2011, c. 308.

§ 56-575.3:1. Adoption of guidelines by responsible public entities

A. A responsible public entity shall, prior to requesting or considering a proposal for a qualifying project, adopt and make publicly available guidelines that are sufficient to enable the responsible public entity to comply with this chapter. Such guidelines shall be reasonable, encourage competition, and guide the selection of projects under the purview of the responsible public entity.

B. For a responsible public entity that is an agency or institution of the Commonwealth, the guidelines shall include, but not be limited to:

1. Opportunities for competition through public notice and availability of representatives of the responsible public entity to meet with private entities considering a proposal;

2. Reasonable criteria for choosing among competing proposals;

3. Suggested timelines for selecting proposals and negotiating an interim or comprehensive agreement;

4. Authorization for accelerated selection and review and documentation timelines for proposals involving a qualifying project that the responsible public entity deems a priority;

5. Financial review and analysis procedures that shall include, at a minimum, a cost-benefit analysis, an assessment of opportunity cost, and consideration of the results of all studies and analyses related to the proposed qualifying project. These procedures shall also include requirements for the disclosure of such analysis to the appropriating body for review prior to execution of an interim or comprehensive agreement;

6. Consideration of the nonfinancial benefits of a proposed qualifying project;

7. A mechanism for the appropriating body to review a proposed interim or comprehensive agreement prior to execution, which shall be in compliance with applicable law and the provisions of subsection I of § 56-575.4 pertaining to the approval of qualifying projects;

8. Establishment of criteria for (i) the creation of and the responsibilities of a public-private partnership oversight committee with members representing the responsible public entity and the appropriating body or (ii) compliance with the requirements of Chapter 42 (§ 30-278 et seq.) of Title 30. Such criteria shall include the scope, costs, and duration of the qualifying project, as well as whether the project involves or impacts multiple public entities. The oversight committee, if formed, shall be an advisory committee to review the terms of any proposed interim or comprehensive agreement;

9. Analysis of the adequacy of the information released when seeking competing proposals and providing for the enhancement of that information, if deemed necessary, to encourage competition pursuant to subsection G of § 56-575.4;

10. Establishment of criteria, key decision points, and approvals required to ensure that the responsible public entity considers the extent of competition before selecting proposals and negotiating an interim or comprehensive agreement; and

11. The posting and publishing of public notice of a private entity's request for approval of a qualifying project, including (i) specific information and documentation to be released regarding the nature, timing, and scope of the qualifying project pursuant to subsection A of § 56-575.4;(ii) a reasonable time period as determined by the responsible public entity to encourage competition and public-private partnerships in accordance with the goals of this chapter, such reasonable period not to be less than 45 days, during which time the responsible public entity

shall receive competing proposals pursuant to subsection A of § 56-575.4;and (iii) a requirement for advertising the public notice in the Virginia Business Opportunities publication and posting a notice on the Commonwealth's electronic procurement website shall be included.

C. For a responsible public entity that is not an agency or institution of the Commonwealth the guidelines may include the provisions set forth in subsection B in the discretion of such public entity. However, the guidelines of a responsible public entity that is not an agency or institution of the Commonwealth shall include:

1. A requirement that it engage the services of qualified professionals, which may include an architect, professional engineer, or certified public accountant, not otherwise employed by the responsible public entity, to provide independent analysis regarding the specifics, advantages, disadvantages, and the long- and short-term costs of any request by a private entity for approval of a qualifying project unless the governing body of the responsible public entity determines that such analysis of a request by a private entity for approval of a qualifying project shall be performed by employees of the responsible public entity; and

2. A mechanism for the appropriating body to review a proposed interim or comprehensive agreement prior to execution.

2005, c. 865;2007, c. 764.

§ 56-575.4. Approval of qualifying projects by the responsible public entity

A. A private entity may request approval of a qualifying project by the responsible public entity. Any such request shall be accompanied by the following material and information unless waived by the responsible public entity:

1. A topographic map (1:2,000 or other appropriate scale) indicating the location of the qualifying project;

2. A description of the qualifying project, including the conceptual design of such facility or facilities or a conceptual plan for the provision of services or technology infrastructure, and a schedule for the initiation of and completion of the qualifying project to include the proposed major responsibilities and timeline for activities to be performed by both the public and private entity;

3. A statement setting forth the method by which the private entity proposes to secure necessary property interests required for the qualifying project;

4. Information relating to the current plans for development of facilities or technology infrastructure to be used by a public entity that are similar to the qualifying project being proposed by the private entity, if any, of each affected local jurisdiction;

5. A list of all permits and approvals required for the qualifying project from local, state, or federal agencies and a projected schedule for obtaining such permits and approvals;

6. A list of public utility facilities, if any, that will be crossed by the qualifying project and a statement of the plans of the private entity to accommodate such crossings;

7. A statement setting forth the private entity's general plans for financing the qualifying project including the sources of the private entity's funds and identification of any dedicated revenue source or proposed debt or equity investment on the behalf of the private entity;

8. The names and addresses of the persons who may be contacted for further information concerning the request;

9. User fees, lease payments, and other service payments over the term of the interim or comprehensive agreement pursuant to § 56-575.9 or 56-575.9:1 and the methodology and circumstances for changes to such user fees, lease payments, and other service payments over time; and

10. Such additional material and information as the responsible public entity may reasonably request.

B. The responsible public entity may request proposals or invite bids from private entities for the development or operation of qualifying projects.

C. The responsible public entity may grant approval of the development or operation of the education facility, technology infrastructure or other public infrastructure or government facility needed by a public entity as a qualifying project, or the design or equipping of a qualifying project so developed or operated, if the responsible public entity determines that the project serves the public purpose of this chapter. The responsible public entity may determine that the development or operation of the qualifying project as a qualifying project serves such public purpose if:

1. There is a public need for or benefit derived from the qualifying project of the type the private entity proposes as a qualifying project;

2. The estimated cost of the qualifying project is reasonable in relation to similar facilities; and

3. The private entity's plans will result in the timely development or operation of the qualifying project.

In evaluating any request, the responsible public entity may rely upon internal staff reports prepared by personnel familiar with the operation of similar facilities or the advice of outside advisors or consultants having relevant experience.

D. The responsible public entity may charge a reasonable fee to cover the costs of processing, reviewing and evaluating the request, including without limitation, reasonable attorney's fees and fees for financial, technical, and other necessary advisors or consultants.

E. The approval of the responsible public entity shall be subject to the private entity's entering into an interim or comprehensive agreement pursuant to § 56-575.9 with the responsible public entity.

F. In connection with its approval of the qualifying project, the responsible public entity shall establish a date for the commencement of activities related to the qualifying project. The responsible public entity may extend such date from time to time.

G. The responsible public entity shall take appropriate action to protect confidential and proprietary information provided by the private entity pursuant to an agreement under subdivision 11 of § 2.2-3705.6.

H. Nothing in this chapter or in an interim or comprehensive agreement entered into pursuant to this chapter shall be deemed to enlarge, diminish or affect the authority, if any, otherwise possessed by the responsible public entity to take action that would impact the debt capacity of the Commonwealth.

I. Prior to entering into the negotiation of an interim or comprehensive agreement, each responsible public entity that is an agency or institution of the Commonwealth shall submit copies of detailed proposals to the Public-Private Partnership Advisory Commission as provided by Chapter 42 (§ 30-278 et seq.) of Title 30.

J. Any proposed comprehensive agreement for a qualifying project where the responsible public entity is an agency or institution of the Commonwealth that (i) creates state tax-supported debt, (ii) requires a level of appropriation significantly beyond the appropriation received by the responsible public entity in the most recent appropriation act, or (iii) significantly alters the Commonwealth's discretion to change the level of services or the funding for such services over time, shall be reviewed by the appropriating body prior to execution.

2002, c. 571;2003, c. 1034;2004, c. 690;2005, c. 865;2007, c. 764.

§ 56-575.5. Service contracts

In addition to any authority otherwise conferred by law, any public entity may contract with a private entity for the delivery of services to be provided as part of a qualifying project in exchange for such service payments and other consideration as such public entity may deem appropriate.

2002, c. 571;2005, c. 865.

§ 56-575.6. Affected local jurisdictions

A. Any private entity requesting approval from, or submitting a proposal to, a responsible public entity under § 56-575.4 shall notify each affected local jurisdiction by furnishing a copy of its request or proposal to each affected local jurisdiction.

B. Each affected local jurisdiction that is not a responsible public entity for the respective qualifying project shall, within sixty days after receiving such notice, submit any comments it may have in writing on the proposed qualifying project to the responsible public entity and indicate whether the facility is compatible with the local comprehensive plan, local infrastructure development plans, the capital improvements budget, or other government spending plan. Such comments shall be given consideration by the responsible public entity prior to entering a comprehensive agreement pursuant to § 56-575.9 with a private entity.

2002, c. 571.

§ 56-575.7. Dedication of public property

Any public entity may dedicate any property interest, including land, improvements, and tangible personal property, that it has for public use in a qualifying project if it finds that so doing will serve the public purpose of this chapter by minimizing the cost of a qualifying project to the public entity or reducing the delivery time of a qualifying project. In connection with such dedication, a public entity may convey any property interest that it has, subject to the conditions imposed by general law governing such conveyances, to the private entity subject to the provisions of this chapter, for such consideration as such public entity may determine. The aforementioned consideration may include, without limitation, the agreement of the private entity to develop or operate the qualifying project. The property interests that the public entity may convey to the private entity in connection with a dedication under this section may include licenses, franchises, easements, or any other right or interest the public entity deems appropriate.

2002, c. 571;2005, c. 865.

§ 56-575.8. Powers and duties of the private entity

A. The private entity shall have all power allowed by law generally to a private entity having the same form of organization as the private entity and shall have the power to develop or operate the qualifying project and collect lease payments, impose user fees or enter into service contracts in connection with the use thereof.

B. The private entity may own, lease or acquire any other right to use or operate the qualifying project.

C. Any financing of the qualifying project may be in such amounts and upon such terms and conditions as may be determined by the private entity. Without limiting the generality of the foregoing, the private entity may issue debt, equity or other securities or obligations, enter into sale and leaseback transactions and secure any financing with a pledge of, security interest in, or lien on, any or all of its property, including all of its property interests in the qualifying project.

D. In operating the qualifying project, the private entity may:

1. Make classifications according to reasonable categories for assessment of user fees; and

2. With the consent of the responsible public entity, make and enforce reasonable rules to the same extent that the responsible public entity may make and enforce rules with respect to similar facilities.

E. The private entity shall:

1. Develop or operate the qualifying project in a manner that is acceptable to the responsible public entity, all in accordance with the provisions of the interim or comprehensive agreement pursuant to § 56-575.9 or 56-575.9:1;

2. Keep the qualifying project open for use by the members of the public at all times, or as appropriate based upon the use of the facility, after its initial opening upon payment of the applicable user fees, lease payments, or service payments; provided that the qualifying project may be temporarily closed because of emergencies or, with the consent of the responsible public entity, to protect the safety of the public or for reasonable construction or maintenance activities. In the event that a qualifying project is technology infrastructure, access may be limited as determined by the conditions of the interim or comprehensive agreement;

3. Maintain, or provide by contract for the maintenance or upgrade of the qualifying project, if required by the interim or comprehensive agreement;

4. Cooperate with the responsible public entity in making best efforts to establish any interconnection with the qualifying project requested by the responsible public entity; and

5. Comply with the provisions of the interim or comprehensive agreement and any lease or service contract.

F. Nothing shall prohibit an private entity of a qualifying project from providing additional services for the qualifying project to public or private entities other than the responsible public entity so long as the provision of additional service does not impair the private entity's ability to meet its commitments to the responsible public entity pursuant to the interim or comprehensive agreement as provided for in § 56-575.9 or 56-575.9:1.

2002, c. 571;2003, c. 1034;2005, c. 865.

§ 56-575.9. Comprehensive agreement

A. Prior to developing or operating the qualifying project, the private entity shall enter into a comprehensive agreement with the responsible public entity. The comprehensive agreement shall provide for:

1. Delivery of maintenance, performance and payment bonds, letters of credit in connection with the development or operation of the qualifying project, in the forms and amounts satisfactory to the responsible public entity and in compliance with § 2.2-4337 for those components of the qualifying project that involve construction;

2. Review of plans and specifications for the qualifying project by the responsible public entity and approval by the responsible public entity if the plans and specifications conform to standards acceptable to the responsible public entity. This shall not be construed as requiring the private entity to complete design of a qualifying project prior to the execution of a comprehensive agreement;

3. Inspection of the qualifying project by the responsible public entity to ensure that the private entity's activities are acceptable to the responsible public entity in accordance with the provisions of the comprehensive agreement;

4. Maintenance of a policy or policies of public liability insurance (copies of which shall be filed with the responsible public entity accompanied by proofs of coverage) or self-insurance, each in form and amount satisfactory to the responsible public entity and reasonably sufficient to insure coverage of tort liability to the public and employees and to enable the continued operation of the qualifying project;

5. Monitoring of the practices of the private entity by the responsible public entity to ensure that the qualifying project is properly maintained;

6. Reimbursement to be paid to the responsible public entity for services provided by the responsible public entity;

7. Filing of appropriate financial statements on a periodic basis; and

8. Policies and procedures governing the rights and responsibilities of the responsible public entity and the private entity in the event the comprehensive agreement is terminated or there is a material default by the private entity. Such policies and guidelines shall include conditions governing assumption of the duties and responsibilities of the private entity by the responsible public entity and the transfer or purchase of property or other interests of the private entity by the responsible public entity.

B. The comprehensive agreement shall provide for such user fees, lease payments, or service payments as may be established from time to time by agreement of the parties. A copy of any service contract shall be filed with the responsible public entity. In negotiating user fees under this section, the parties shall establish payments or fees that are the same for persons using the facility under like conditions and that will not materially discourage use of the qualifying project. The execution of the comprehensive agreement or any amendment thereto shall constitute conclusive evidence that the user fees, lease payments, or service payments provided for comply with this chapter. User fees or lease payments established in the comprehensive agreement as a source of revenues may be in addition to, or in lieu of, service payments.

C. In the comprehensive agreement, the responsible public entity may agree to make grants or loans to the private entity from time to time from amounts received from the federal, state, or local government or any agency or instrumentality thereof.

D. The comprehensive agreement shall incorporate the duties of the private entity under this chapter and may contain such other terms and conditions that the responsible public entity determines serve the public purpose of this chapter. Without limitation, the comprehensive agreement may contain provisions under which the responsible public entity agrees to provide notice of default and cure rights for the benefit of the private entity and the persons specified therein as providing financing for the qualifying project. The comprehensive agreement may contain such other lawful terms and conditions to which the private entity and the responsible public entity mutually agree, including, without limitation, provisions regarding unavoidable delays or provisions providing for a loan of public funds to the private entity to develop or operate one or more qualifying projects. The comprehensive agreement may also contain provisions where the authority and duties of the private entity under this chapter shall cease, and the qualifying project is dedicated to the responsible public entity or, if the qualifying project was initially dedicated by an affected local jurisdiction, to such affected local jurisdiction for public use.

E. Any changes in the terms of the comprehensive agreement, as may be agreed upon by the parties from time to time, shall be added to the comprehensive agreement by written amendment.

F. When a responsible public entity that is not an agency or authority of the Commonwealth enters into a comprehensive agreement pursuant to this chapter, it shall within 30 days thereafter submit a copy of the comprehensive agreement to the Auditor of Public Accounts.

G. The comprehensive agreement may provide for the development or operation of phases or segments of the qualifying project.

2002, c. 571;2003, c. 1034;2004, c. 986;2005, c. 865.

§ 56-575.9:1. Interim agreement

Prior to or in connection with the negotiation of the comprehensive agreement, the responsible public entity may enter into an interim agreement with the private entity proposing the development or operation of the qualifying project. Such interim agreement may (i) permit the private entity to commence activities for which it may be compensated relating to the proposed qualifying project, including, but not limited to, project planning and development, design and engineering, environmental analysis and mitigation, survey, and ascertaining the availability of financing for the proposed facility or facilities; (ii) establish the process and timing of the negotiation of the comprehensive agreement; and (iii) contain any other provisions related to any aspect of the development or operation of a qualifying project that the parties may deem appropriate.

2005, c. 865.

§ 56-575.10. Federal, state and local assistance

A. Any financing of a qualifying facility may be in such amounts and upon such terms and conditions as may be determined by the parties to the interim or comprehensive agreement. Without limiting the generality of the terms and conditions of the financing, the private entity and the responsible public entity may propose to utilize any and all funding resources that may be available to them and may, to the fullest extent permitted by applicable law, issue debt, equity, or other securities or obligations, enter into leases, access any designated trust funds, borrow or accept grants from any state infrastructure bank, and secure any financing with a pledge of, security interest in, or lien on, any or all of its property, including all of its property interests in the qualifying facility.

B. The responsible public entity may take any action to obtain federal, state, or local assistance for a qualifying project that serves the public purpose of this chapter and may enter into any contracts required to receive such assistance. If the responsible public entity is a state agency, any funds received from the state or federal government or any agency or instrumentality thereof shall be subject to appropriation by the General Assembly. The responsible public entity may determine that it serves the public purpose of this chapter for all or any portion of the costs of a qualifying project to be paid, directly or indirectly, from the proceeds of a grant or loan made by the local, state, or federal government or any agency or instrumentality thereof.

2002, c. 571;2005, c. 865.

§ 56-575.11. Material default; remedies

A. In the event of a material default by the private entity, the responsible public entity may elect to assume the responsibilities and duties of the private entity of the qualifying project, and in such case, it shall succeed to all of the right, title and interest in such qualifying project, subject to any liens on revenues previously granted by the private entity to any person providing financing thereof.

B. Any responsible public entity having the power of condemnation under state law may exercise such power of condemnation to acquire the qualifying project in the event of a material default by the private entity. Any person who has provided financing for the qualifying project, and the private entity, to the extent of its capital investment, may participate in the condemnation proceedings with the standing of a property owner.

C. The responsible public entity may terminate, with cause, the interim or comprehensive agreement and exercise any other rights and remedies that may be available to it at law or in equity.

D. The responsible public entity may make or cause to be made any appropriate claims under the maintenance, performance, or payment bonds; or lines of credit required by subsection A 1 of § 56-575.9.

E. In the event the responsible public entity elects to take over a qualifying project pursuant to subsection A, the responsible public entity may develop or operate the qualifying project, impose user fees, impose and collect lease payments for the use thereof and comply with any service contracts as if it were the private entity. Any revenues that are subject to a lien shall be collected for the benefit of and paid to secured parties, as their interests may appear, to the extent necessary to satisfy the private entity's obligations to secured parties, including the maintenance of reserves. Such liens shall be correspondingly reduced and, when paid off, released. Before any payments to, or for the benefit of, secured parties, the responsible public entity may use revenues to pay current operation and maintenance costs of the qualifying project, including compensation to the responsible public entity for its services in operating and maintaining the qualifying project. The right to receive such payment, if any, shall be considered just compensation for the qualifying project. The full faith and credit of the responsible public entity shall not be pledged to secure any financing of the private entity by the election to take over the qualifying project. Assumption of operation of the qualifying project shall not obligate the responsible public entity to pay any obligation of the private entity from sources other than revenues.

2002, c. 571;2003, c. 1034;2005, c. 865.

§ 56-575.12. Condemnation

At the request of the private entity, the responsible public entity may exercise any power of condemnation that it has under law for the purpose of acquiring any lands or estates or interests therein to the extent that the responsible public entity finds that such action serves the public purpose of this chapter. Any amounts to be paid in any such condemnation proceeding shall be paid by the private entity.

2002, c. 571;2005, c. 865.

§ 56-575.13. Utility crossing

The private entity and each public service company, public utility, railroad, and cable television provider, whose facilities are to be crossed or affected shall cooperate fully with the other entity in planning and arranging the manner of the crossing or relocation of the facilities. Any such entity possessing the power of condemnation is hereby expressly granted such powers in connection with the moving or relocation of facilities to be crossed by the qualifying project or that must be relocated to the extent that such moving or relocation is made necessary or desirable by construction of, renovation to, or improvements to the qualifying project, which shall be construed to include construction of, renovation to, or improvements to temporary facilities for the purpose of providing service during the period of construction or improvement. Any amount to be paid for such crossing, construction, moving or relocating of facilities shall be paid for by the private entity. Should the private entity and any such public service company, public utility, railroad, and cable television provider not be able to agree upon a plan for the crossing or relocation, the Commission may determine the manner in which the crossing or relocation is to be accomplished and any damages due arising out of the crossing or relocation. The Commission may employ expert engineers who shall examine the location and plans for such crossing or relocation, hear any objections and consider modifications, and make a recommendation to the Commission. In such a case, the cost of the experts is to be borne by the private entity. Such determination shall be made by the Commission within ninety days of notification by the private entity that the qualifying project will cross utilities subject to the Commission's jurisdiction.

2002, c. 571;2005, c. 865.

§ 56-575.14. Police powers; violations of law

All police officers of the Commonwealth and of each affected local jurisdiction shall have the same powers and jurisdiction within the limits of such qualifying project as they have in their respective areas of jurisdiction and such police officers shall have access to the qualifying project at any time for the purpose of exercising such powers and jurisdiction.

2002, c. 571.

§ 56-575.15. Sovereign immunity

Nothing in this chapter shall be construed as or deemed a waiver of the sovereign immunity of the Commonwealth, any responsible public entity or any affected local jurisdiction or any officer or employee thereof with respect to the participation in, or approval of all or any part of the qualifying project or its operation, including but not limited to interconnection of the qualifying project with any other infrastructure or project. Counties, cities and towns in which a qualifying project is located shall possess sovereign immunity with respect to its design, construction, and operation.

2002, c. 571.

§ 56-575.16. Procurement

The Virginia Public Procurement Act (§ 2.2-4300 et seq.) and any interpretations, regulations, or guidelines of the Division of Engineering and Buildings of the Department of General Services or the Virginia Information Technologies Agency, including the Capital Outlay Manual and those interpretations, regulations or guidelines developed pursuant to §§ 2.2-1131, 2.2-1132, 2.2-1133 , 2.2-1149, and 2.2-1502, except those developed by the Division or the Virginia Information Technologies Agency in accordance with this chapter when the Commonwealth is the responsible public entity, shall not apply to this chapter. However, a responsible public entity may enter into a comprehensive agreement only in accordance with guidelines adopted by it as follows:

1. A responsible public entity may enter into a comprehensive agreement in accordance with guidelines adopted by it that are consistent with procurement through competitive sealed bidding as set forth in § 2.2-4302.1 and subsection B of § 2.2-4310.

2. A responsible public entity may enter into a comprehensive agreement in accordance with guidelines adopted by it that are consistent with the procurement of "other than professional services" through competitive negotiation as set forth in § 2.2-4302.2 and subsection B of § 2.2-4310. Such responsible public entity shall not be required to select the proposal with the lowest price offer, but may consider price as one factor in evaluating the proposals received. Other factors that may be considered include (i) the proposed cost of the qualifying facility; (ii) the general reputation, industry experience, and financial capacity of the private entity; (iii) the proposed design of the qualifying project; (iv) the eligibility of the facility for accelerated selection, review, and documentation timelines under the responsible public entity's guidelines; (v) local citizen and government comments; (vi) benefits to the public; (vii) the private entity's compliance with a minority business enterprise participation plan or good faith effort to comply with the goals of such plan; (viii) the private entity's plans to employ local contractors and residents; and (ix) other criteria that the responsible public entity deems appropriate.

A responsible public entity shall proceed in accordance with the guidelines adopted by it pursuant to subdivision 1 unless it determines that proceeding in accordance with the guidelines adopted by it pursuant to this subdivision is likely to be advantageous to the responsible public entity and the public, based on (i) the probable scope, complexity, or priority of the project; (ii) risk sharing including guaranteed cost or completion guarantees, added value or debt or equity investments proposed by the private entity; or (iii) an increase in funding, dedicated revenue source or other economic benefit that would not otherwise be available. When the responsible public entity determines to proceed according to the guidelines adopted by it pursuant to this subdivision, it shall state the reasons for its determination in writing. If a state agency is the responsible public entity, the approval of the responsible Governor's Secretary, or the Governor, shall be required before the responsible public entity may enter into a comprehensive agreement pursuant to this subdivision.

3. Nothing in this chapter shall authorize or require that a responsible public entity obtain professional services through any process except in accordance with guidelines adopted by it that are consistent with the procurement of "professional services" through competitive negotiation as set forth in § 2.2-4302.2 and subsection B of § 2.2-4310.

4. A responsible public entity shall not proceed to consider any request by a private entity for approval of a qualifying project until the responsible public entity has adopted and made publicly available guidelines pursuant to § 56-575.3:1 that are sufficient to enable the responsible public entity to comply with this chapter.

5. A responsible public entity that is a school board or a county, city, or town may enter into an interim or comprehensive agreement under this chapter only with the approval of the local governing body.

2002, c. 571;2003, cc. 292, 968, 1034;2004, c. 986;2005, c. 865;2006, c. 936;2007, c. 764;2013, c. 583.

§ 56-575.17. Posting of conceptual proposals; public comment; public access to procurement records

A. Conceptual proposals submitted in accordance with subsection A or B of § 56-575.4 to a responsible public entity shall be posted by the responsible public entity within 10 working days after acceptance of such proposals as follows:

1. For responsible public entities that are state agencies, authorities, departments, institutions, and other units of state government, posting shall be on the Department of General Services' centralized electronic procurement website; and

2. For responsible public entities that are local bodies, posting shall be on the responsible public entity's website or on the Department of General Services' central electronic procurement website. In addition, such public bodies may publish in a newspaper of general circulation in the area in which the contract is to be performed a summary of the proposals and the location where copies of the proposals are available for public inspection. Such local public bodies are encouraged to utilize the Department of General Services' central electronic procurement website to provide the public with centralized visibility and access to the Commonwealth's procurement opportunities.

In addition to the posting requirements, at least one copy of the proposals shall be made available for public inspection. Nothing in this section shall be construed to prohibit the posting of the conceptual proposals by additional means deemed appropriate by the responsible public entity so as to provide maximum notice to the public of the opportunity to inspect the proposals. Trade secrets, financial records, or other records of the private entity excluded from disclosure under the provisions of subdivision 11 of § 2.2-3705.6 shall not be required to be posted, except as otherwise agreed to by the responsible public entity and the private entity.

B. The responsible public entity shall hold a public hearing on the proposals during the proposal review process, but not later than 30 days prior to entering into an interim or comprehensive agreement.

C. Once the negotiation phase for the development of an interim or a comprehensive agreement is complete, but before an interim agreement or a comprehensive agreement is entered into, a responsible public entity shall make available the proposed agreement in a manner provided in subsection A.

D. Once an interim agreement or a comprehensive agreement has been entered into, a responsible public entity shall make procurement records available for public inspection, upon request. For the purposes of this subsection, procurement records shall not be interpreted to include (i) trade secrets of the private entity as defined in the Uniform Trade Secrets Act (§ 59.1-336 et seq.) or (ii) financial records, including balance sheets or financial statements of the private entity that are not generally available to the public through regulatory disclosure or otherwise.

E. Cost estimates relating to a proposed procurement transaction prepared by or for a responsible public entity shall not be open to public inspection.

F. Any inspection of procurement transaction records under this section shall be subject to reasonable restrictions to ensure the security and integrity of the records.

G. The provisions of this section shall apply to accepted proposals regardless of whether the process of bargaining will result in an interim or a comprehensive agreement.

2006, c. 936;2008, c. 667;2009, c. 762;2011, c. 332.

§ 56-575.17:1. Contributions and gifts; prohibition during approval process

A. No private entity that has submitted a bid or proposal to a public entity that is an executive branch agency directly responsible to the Governor and is seeking to develop or operate a qualifying project pursuant to this chapter, and no individual who is an officer or director of such a private entity, shall knowingly provide a contribution, gift, or other item with a value greater than $50 or make an express or implied promise to make such a contribution or gift to the Governor, his political action committee, or the Governor's Secretaries, if the Secretary is responsible to the Governor for an executive branch agency with jurisdiction over the matters at issue, following the submission of a proposal under this chapter until the execution of a comprehensive agreement thereunder. The provisions of this section shall apply only for any proposal or an interim or comprehensive agreement where the stated or expected value of the contract is $5 million or more.

B. Any person who knowingly violates this section shall be subject to a civil penalty of $500 or up to two times the amount of the contribution or gift, whichever is greater. The attorney for the Commonwealth shall initiate civil proceedings to enforce the civil penalties. Any civil penalties collected shall be payable to the State Treasurer for deposit to the general fund.

2010, c. 732;2011, c. 624.

§ 56-575.18. Auditor of Public Accounts

The Auditor of Public Accounts shall periodically review interim and comprehensive agreements entered into pursuant to this chapter to ensure compliance with the provisions of this chapter. Copies of the agreements and supporting documents must be electronically filed with the Auditor of Public Accounts. Electronic agreements shall be made available in the online database maintained pursuant to § 30-133.

2007, c. 764;2009, c. 762.

A RESOLUTION OF THE CITY OF MARTINSVILLE CITY COUNCIL TO ADOPT GUIDELINES FOR THE CITY OF MARTINSVILLE FOR PARTICIPATION IN PUBLIC_PRIVATE EDUCATION FACILITIES AND INFRASTRUCTURE ACT OF 2002 (PPEA).

WHEREAS, the Virginia Public-Private Education Facilities and Infrastructure Act of 2002 (Va. Code §§ 56-575.1 et seq.) authorizes municipalities like the City of Martinsville to enter into public–private partnerships for qualifying projects that serve a public purpose;

WHEREAS, before considering proposals from private entities under the PPEA, the City of Martinsville must adopt and make publicly available guidelines sufficient to meet statutory requirements;

WHEREAS, such guidelines benefit the City by ensuring transparency, encouraging fair competition, enabling innovative project delivery, and aligning public-private projects with the City's goals and comprehensive planning framework;

WHEREAS, formal adoption of PPEA guidelines will enhance the City's readiness to evaluate, negotiate, and enter into partnerships that may deliver public benefits more efficiently or creatively;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MARTINSVILLE, VIRGINIA, THAT:

- The PPEA Guidelines attached as are hereby adopted and shall govern all public–private partnership proposals pursued under the PPEA by the City.

- The PPEA grants the City authority to create public-private partnerships for qualifying projects when there is a public need and when private sector involvement may deliver projects more timely or cost-effectively.

- The City Manager is designated as the point of contact for PPEA submissions and inquiries, and may designate a working group to assist with evaluation and negotiation.

- The Guidelines shall be made publicly available.

- The City Manager is authorized to administer the policy in accordance with the resolution, including receipt and evaluation of proposals

- This resolution shall take effect immediately upon adoption and shall remain in effect until superseded by subsequent Council action.

Ayes: Nays:

Absent: Abstentions:

Attest:

—---

Deputy City Clerk,

City of Martinsville, Virginia