

**SUPPORT AGREEMENT
MIDDLE RIVER REGIONAL JAIL AUTHORITY**

THIS SUPPORT AGREEMENT (this “Support Agreement”) is made as of July 1, 2015, among the **CITY OF HARRISONBURG, VIRGINIA** (the “City”), the **MIDDLE RIVER REGIONAL JAIL AUTHORITY** (the “Jail Authority”), and the **VIRGINIA RESOURCES AUTHORITY** (“VRA”), as purchaser of the Local Bond, as hereinafter defined, pursuant to a Local Bond Sale and Financing Agreement dated as of October 2, 2014 (the “Financing Agreement”), between VRA and the Jail Authority.

RECITALS:

WHEREAS, the Jail Authority is a regional jail authority as provided in Section 53.1-95.2 et seq. of the Code of Virginia of 1950, as amended (the “Virginia Code”), and a public instrumentality of the Commonwealth of Virginia established by the governing bodies of the County of Augusta, Virginia and the Cities of Staunton, Virginia and Waynesboro, Virginia (collectively, the “Original Member Jurisdictions”) for the purpose of developing a regional jail located in Augusta County, Virginia (the “Jail”), which is operated on behalf of the Original Member Jurisdictions by the Jail Authority;

WHEREAS, in 2003 the Jail Authority issued its Jail Facility Revenue Bonds, Series 2003 (the “2003 Bonds”), the proceeds of which, together with other available funds, financed the construction and equipping of the Jail;

WHEREAS, for interest rate savings, the Jail Authority refunded the 2003 Bonds through the issuance of its Regional Jail Facility Revenue Refunding Bond, Series 2014 (the “Local Bond”) and sale of the Local Bond to VRA pursuant to the terms of the Financing Agreement;

WHEREAS, as a condition to the purchase by VRA of the Local Bond, VRA required each of the Original Member Jurisdictions to enter into a support agreement substantively identical to this Support Agreement;

WHEREAS, the Jail Authority and the Original Member Jurisdictions are now entering into an amended Service Agreement effective July 1, 2015 (the “Service Agreement”), with the City and the County of Rockingham, Virginia (the “County” and, together with the City, the “Additional Member Jurisdictions”), which (i) supersedes the Service Agreement dated June 25, 2001, as amended on June 12, 2003 (the “Original Service Agreement”), (ii) provides for payments by each Original Member Jurisdiction and Additional Member Jurisdiction (such Original Member Jurisdictions and Additional Member Jurisdictions being collectively referred to herein as the “Member Jurisdictions” and each individually as a “Member Jurisdiction”) to the Jail Authority for services to be rendered to the Member Jurisdictions by the Jail Authority, and (iii) sets forth certain other responsibilities of the parties;

WHEREAS, pursuant to the Financing Agreement, VRA must consent to any amendments to the Original Service Agreement, and as a condition to such consent, VRA is

requiring that the City enter into this Support Agreement and that the County enter into a separate but identical support agreement; and

AGREEMENT

NOW, THEREFORE, for and in consideration of the consent of VRA to the amendments to the Original Service Agreement and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. Unless otherwise defined, each capitalized term used in this Support Agreement shall have the meaning given it in the Service Agreement or in the Financing Agreement.

2. If at any time the revenues available to the Jail Authority shall be insufficient to pay in a timely fashion the Debt Service (including payments due on the Local Bond), either because (i) the Jail Authority has failed to charge the City its allocable portion of the Debt Service (a "City Debt Service Payment") as required to make such Debt Service payment or (ii) the City has failed to make a City Debt Service Payment as provided under the Service Agreement, the Jail Authority shall notify the City and VRA of the amount of such insufficiency and the City Manager of the City shall request a supplemental appropriation from the City Council of the City (the "City Council") in the amount of such City Debt Service Payment.

3. The City Manager shall present each request for appropriation pursuant to paragraph 2 above to the City Council, and the City Council shall consider such request at the City Council's next regularly scheduled meeting at which it is possible to satisfy any applicable notification requirement. Promptly after such meeting, the City Manager shall notify VRA as to whether the City Debt Service Payment so requested was appropriated. If the City Council shall fail to make any such appropriation, the Jail Authority shall add the amount of such requested appropriation to the amounts to be otherwise charged to the City for the Jail Authority's next fiscal year.

4. The City Council hereby undertakes a non-binding obligation to appropriate such City Debt Service Payments as may be requested from time to time pursuant to paragraph 2 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The City Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future City Councils do likewise.

5. The City and the Jail Authority acknowledge that (i) the obligations of the Jail Authority to determine in accordance with the Service Agreement, and of the Member Jurisdictions to pay, the Debt Service relating to the Member Jurisdictions' committing of Prisoners to the Jail Authority are crucial to the security for the Local Bond, (ii) VRA will not consent to the amendments to the Original Service Agreement without the security and credit enhancement provided by this Support Agreement, (iii) VRA will be a third party beneficiary of the Service Agreement for so long as the Local Bond remains outstanding and (iv) VRA is treating this Support Agreement as a "local obligation" within the meaning of Section 62.1-199 of the Virginia Code, which in the event of a nonpayment hereunder 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 Virginia Code. Section 62.1-216.1 provides that if the Governor is satisfied that the 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 VRA, so as to cure, or cure insofar as possible, such nonpayment.

6. Nothing herein contained is or shall be deemed to be a lending of the credit of the City to the Jail Authority, VRA or to any holder of the Local Bond or to any other person, and nothing herein contained is or shall be deemed to be a pledge of the faith and credit or the taxing power of the City, nor shall anything herein contained legally bind or obligate the City Council to appropriate funds for the purposes described herein.

7. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (i) if to the City, to 345 South Main Street, Harrisonburg, Virginia 22801, Attention: City Manager (ii) if to the Jail Authority, to c/o Jail Superintendent, Post Office Box 590, Verona, Virginia 24482, Attention: Chairman, and (iii) if to VRA, to 1111 East Main Street, Suite 1920, Richmond, Virginia 23219, Attention: Executive Director. Any party may designate any other address for notices or requests by giving notice.

8. It is the intent of the parties hereto that this Support Agreement shall be governed by the laws of the Commonwealth of Virginia.

9. This Support Agreement shall remain in full force and effect until the Local Bond and all other amounts payable by Jail Authority under the Financing Agreement have been paid in full.

10. This Support 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.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

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

CITY OF HARRISONBURG, VIRGINIA

By: _____
City Manager

**MIDDLE RIVER REGIONAL JAIL
AUTHORITY**

By: _____
Chairman

VIRGINIA RESOURCES AUTHORITY

By: _____
Executive Director

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