

BUY-IN AGREEMENT

This Buy-In Agreement (the “Agreement”) is made as of July 1, 2015, among the **COUNTY OF AUGUSTA** (“Augusta”), the **CITY OF STAUNTON** (“Staunton”), the **CITY OF WAYNESBORO** (“Waynesboro”), the **COUNTY OF ROCKINGHAM** (“Rockingham”) and the **CITY OF HARRISONBURG** (“Harrisonburg”), each being a political subdivision of the Commonwealth of Virginia.

RECITALS:

Augusta, Staunton and Waynesboro (collectively, the “Original Member Jurisdictions”) established the Middle River Regional Jail Authority (the “Authority”) as provided in Section 53.1-95.2 et seq. of the Code of Virginia of 1950, as amended (the “Code”), for the purpose of developing a regional jail located in Augusta County (the “Jail”).

The Authority incurred debt and procured other funds to construct and equip the Jail, which opened in April 2006, and since the Jail’s opening, the Authority has charged the Original Member Jurisdictions per diem rates for prisoners committed by them to the Jail in amounts sufficient to cover debt service, operating expenses and capital costs not paid from debt.

The Authority has housed prisoners from other jurisdictions for a per diem rental fee, and Rockingham and Harrisonburg (collectively, the “Additional Member Jurisdictions”) have housed prisoners at the Jail.

The Additional Member Jurisdictions have determined that it is in their best interests to obtain the right to use inmate capacity at the Jail on an ongoing basis, rather than incurring the costs of constructing a new jail or expanding their existing jail facilities.

The Original Member Jurisdictions and the Additional Member Jurisdictions (collectively, the “Member Jurisdictions”) have agreed upon the terms and conditions upon which the Additional Member Jurisdictions will obtain the right to use capacity in the Jail and become Member Jurisdictions of the Authority, and this Agreement sets forth those terms and conditions.

AGREEMENT

NOW THEREFORE, in consideration of the promises set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged by all parties hereto, the Original Member Jurisdictions and the Additional Member Jurisdictions hereby agree as follows:

Section 1. Definitions. Capitalized terms used herein shall have the meaning given such terms in the Recitals or as set forth below:

“Bond Counsel” means an attorney or a firm of attorneys of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

“Business Day” means any day other than (i) a Saturday or Sunday, (ii) a day on which commercial banks in the Commonwealth of Virginia are authorized to close or (iii) a day on which the New York Stock Exchange is closed.

“Debt Service” has the meaning given such term in the Service Agreement.

“Operating Expenses” has the meaning given such term in the Service Agreement.

“Purchase Price” has the meaning given such term in Section 2(a) hereof.

“Reservation of Right to Use the Jail” means the right to use the beds at the Jail.

“Service Agreement” means the amended Service Agreement, effective July 1, 2015, among the Authority and the Member Jurisdictions.

Section 2. Purchase of Jail Capacity.

(a) The Original Member Jurisdictions hereby agree to sell the Reservation of Right to Use the Jail to the Additional Member Jurisdictions for a price of \$21,543,588 (the “Purchase Price”), which Purchase Price has been determined by the Member Jurisdictions pursuant to an arm’s-length negotiation and calculated based in part upon the original replacement cost of the Jail and an assumed usage of 250 beds by the Additional Member Jurisdictions. The Additional Member Jurisdictions agree to pay the Purchase Price as follows: (i) ten percent (10%) of the Purchase Price (\$2,154,358.80) shall be payable prior to June 30, 2015 and (ii) the balance of the Purchase Price (\$19,389,229.20) shall be payable in ten annual installments of principal on or before each December 15, commencing December 15, 2015, as shown under the column heading “Principal” on Exhibit A hereto which is made a part of this Agreement by this reference, and shall bear interest from July 1, 2015 until paid in full calculated using an interest rate of two and seventeen one-hundredths percent (2.17%) per annum and a year consisting of twelve 30-day months, payable on or before each December 15, commencing December 15, 2015, the amount of such interest being separately set forth under the column heading “Interest” on Exhibit A hereto. The Purchase Price and the interest thereon are payable in lawful money of the United States of America and shall be payable by the Additional Member Jurisdictions without demand or notification by the Original Member Jurisdictions.

(b) Harrisonburg and Rockingham are each responsible for fifty percent (50%) of the Purchase Price. Other than the payments to be made pursuant to Section 2(a)(i) and the payments due on or before December 15, 2015 pursuant to Section 2(a)(ii), all payments from the Additional Member Jurisdictions hereunder shall be subject to appropriation by their governing bodies.

(c) All payments due thereunder shall be made directly by the Additional Member Jurisdictions to Augusta, which shall be responsible for sending Staunton and Waynesboro their respective shares within one Business Day of receipt, which shares are shown

on Exhibit B hereto. All payments from the Additional Member Jurisdictions shall be sent by wire to Augusta's Treasurer's office per separate wire instructions.

(d) The Authority shall not have any interest, right or claim to the Purchase Price or any portion thereof.

Section 3. Priority of Housing Prisoners. The Additional Member Jurisdictions each shall be entitled to use beds in the Jail on a first-come, first-served basis with the Original Member Jurisdictions. The priority of housing inmates between Member Jurisdictions and non-Member Jurisdictions shall be determined as set forth in the Service Agreement.

Section 4. Representations of Member Jurisdictions. Each Member Jurisdiction represents as follows:

(a) The Purchase Price is not a prepayment of any Debt Service or Net Operating Expenses by the Additional Member Jurisdictions and does not reduce or in any manner affect the Additional Member Jurisdictions' obligations to pay their respective shares of Debt Service and Net Operating Expenses as set forth in the Service Agreement. Without the payment of the Purchase Price, the Additional Member Jurisdictions would not be able to secure the long-term right to the use of the Jail.

(b) The execution, delivery and performance by the Member Jurisdiction of this Agreement are within the Member Jurisdiction's powers, and the Member Jurisdiction has validly authorized the execution, delivery and performance of this Agreement.

(c) This Agreement is enforceable against the Member Jurisdiction in accordance with its terms, subject to matters and laws affecting creditors' rights generally as to political bodies and subject to general principles of equity.

Section 5. Covenants.

(a) The Additional Member Jurisdictions agree not to commit federal prisoners to the Jail without obtaining the advice of Bond Counsel. The Additional Member Jurisdictions also agree that the Rockingham Regional Jail will be limited to twenty-five (25) rentals per day to federal prisoners.

(b) The Member Jurisdictions agree to work together with the Authority to develop regional alternatives to incarceration, including but not limited to initiatives such as:

(i) reinstating a weekender program,

(ii) expanding the work release and other work programs to include the Additional Member Jurisdictions,

(iii) working with the Valley Community Services Board and the Harrisonburg-Rockingham Community Services Board and the Commonwealth of

Virginia to establish a regional approach to providing substance abuse and mental health services at the Authority and

(iv) exploring the opportunities and possible partnerships (private and public) to establish day reporting centers.

Section 6. Defaults and Remedies. If the Additional Member Jurisdictions, or either of them, do not make the payments of the Purchase Price at the times and in the amounts set forth in Section 2 hereof and Exhibit A hereto, then such Additional Member Jurisdiction or Additional Member Jurisdictions shall be in default hereunder, and the Original Member Jurisdictions shall notify the Authority of the default in the payment of the Purchase Price and shall have the remedies set forth in the Service Agreement. It is the intent of the parties hereto that if either Rockingham or Harrisonburg makes the payments that it is required to make hereunder, then such Additional Member Jurisdiction shall not be considered in default hereunder.

Section 7. Miscellaneous.

(a) This Agreement will be construed, enforced and performed in accordance with the laws of the Commonwealth of Virginia, without regard to its choice of law rules.

(b) This Agreement shall be binding on the parties hereto and their successors and assigns and shall inure to their benefit. No other entity or individual shall be deemed to be a third party beneficiary hereof.

(c) This Agreement may not be amended or altered without the prior written consent of the parties hereto.

(d) This Agreement may be executed in counterparts, each of which shall constitute an original and both of which shall constitute one and the same document.

(e) If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(f) All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(g) Any notice or other communication under or in connection with this Agreement shall be in writing and shall be effective when delivered in person or sent in the manner and to the persons and addresses specified in Section 10.2 of the Service Agreement.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the duly authorized representatives of the parties have caused this Agreement to be executed and delivered as of the date and year first above written.

COUNTY OF AUGUSTA, VIRGINIA

By: _____
Its: _____

CITY OF STAUNTON, VIRGINIA

By: _____
Its: _____

CITY OF WAYNESBORO, VIRGINIA

By: _____
Its: _____

COUNTY OF ROCKINGHAM, VIRGINIA

By: _____
Its: _____

CITY OF HARRISONBURG, VIRGINIA

By: _____
Its: _____

EXHIBIT A

<u>Year</u> (on or before December 15)	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
2015	\$1,960,923.35	2.170%	\$191,673.30	\$2,152,596.65
2016	1,774,402.42	2.170	378,194.24	2,152,596.66
2017	1,812,906.95	2.170	339,689.70	2,152,596.65
2018	1,852,247.03	2.170	300,349.62	2,152,596.65
2019	1,892,440.79	2.170	260,155.86	2,152,596.65
2020	1,933,506.76	2.170	219,089.90	2,152,596.66
2021	1,975,463.85	2.170	177,132.80	2,152,596.65
2022	2,018,331.42	2.170	134,265.24	2,152,596.66
2023	2,062,129.21	2.170	90,467.44	2,152,596.65
2024	2,106,877.42	2.170	45,719.24	2,152,596.66

EXHIBIT B

	<u>Share Percentages</u>	<u>Amount to Be Received From Initial Payments Made Prior to June 30, 2015</u>	<u>Amount to Be Received Per Annual Installment¹</u>
Augusta	39.31%	\$846,878.44	\$846,185.74
Staunton	31.17	671,513.64	670,964.38
Waynesboro	29.52	635,966.72	635,446.53

¹ For years in which the debt service payment is \$2,152,596.66, Augusta receives \$846,185.75.