

**MIDDLE RIVER REGIONAL JAIL
AUTHORITY SERVICE AGREEMENT
As amended effective July 1, 2015**

This amended Service Agreement for the MIDDLE RIVER REGIONAL JAIL AUTHORITY (the “Authority”), superseding the service agreement which was previously adopted as of June 25, 2001, and amended and readopted as of June 12, 2003, (the “Original Service Agreement”) is made as of July 1, 2015, by and among the Authority, the County of Augusta, the City of Staunton and the City of Waynesboro (the “Original Member Jurisdictions”) and the County of Rockingham and the City of Harrisonburg (the “Additional Member Jurisdictions”), all of which jurisdictions are political subdivisions of the Commonwealth of Virginia.

RECITALS

WHEREAS, in the Original Service Agreement, the Original Member Jurisdictions created the Authority, and provided for the financing, construction, equipping, operation and maintenance of the Middle River Regional Jail (the “Jail”); and

WHEREAS, pursuant to the Original Service Agreement, the Authority completed the Jail and has operated it successfully for the benefit of the Original Member Jurisdictions since its opening in April 2006; and

WHEREAS, from time to time the Authority has housed prisoners for the Additional Member Jurisdictions for a per diem rental fee; and

WHEREAS, the Additional Member Jurisdictions have an ongoing need for more jail space, and after extensive investigation and discussion have determined that securing permanent space at the Jail is more advantageous to them than expanding or replacing their existing local

jail facilities, and they have accordingly asked to become full participating Member Jurisdictions in the Authority; and

WHEREAS, the Authority and the Original Member Jurisdictions have agreed upon the terms and conditions under which they will accept the Additional Member Jurisdictions as members of the Authority, and intend by this document to replace and supersede the Original Service Agreement with this Service Agreement of 2015; now, therefore, the Original Service Agreement is replaced and superseded by this Service Agreement of 2015 pursuant to and in the manner hereinafter set forth.

ARTICLE I

Definitions

The capitalized terms of this Agreement have the meanings set forth below.

“**Annual Budget**” has the meaning given to such term in Section 4.7.

“**Applicable Laws**” means all applicable laws, ordinances, judgments, decrees, injunctions, writs and orders of any court, arbitrator or governmental agency or authority and all rules, regulations, orders, interpretations, licenses and permits of any federal, state, county, municipal, regional, foreign or other governmental body, instrumentality, agency or authority.

“**Authority**” means the Middle River Regional Jail Authority.

“**Authority Default**” has the meaning given to such term in Section 9.1.

“**Bonds**” means revenue bonds or notes issued by the Authority for the design, construction and other costs of the Jail.

“**Capital Expenditures**” means amounts included in the Authority’s annual budget for maintenance, repair, leasing or purchase of capital facilities, equipment or other items, excluding

Debt Service, that are classified as capital under generally accepted governmental accounting principles, but that are not funded through the issuance of Bonds.

“Client Jurisdiction” means any political subdivision of the Commonwealth of Virginia not a member of the Authority, any agency of the federal government, or the District of Columbia.

“Debt Service” means scheduled payments of principal and interest and other reasonable or necessary payments required to comply with debt service coverage requirements, including any debt service reserve fund, imposed in connection with any Bonds or Notes, as set forth in Section 5.1 (b) of Article V of this Agreement.

“Fiscal Year” means the annual accounting period from July 1 of one year to June 30 of the following year.

“Jail” means the Middle River Regional Jail, as constructed and equipped by the Authority together with any additions or improvements thereto.

“Member Jurisdictions” means the County of Augusta, the City of Staunton, the City of Waynesboro, the City of Harrisonburg and the County of Rockingham, each a political subdivision of the Commonwealth of Virginia, and any other political subdivision joining the Authority as provided in Section 6.7 but excluding any political subdivision that may have withdrawn from the Authority, as provided in Section 6.8.

“Net Operating Expenses” means Operating Expenses reduced by an amount equal to revenue from: (i) Client Jurisdictions (ii) Operating Expenses of the Authority reimbursed by the Commonwealth of Virginia; and (iii) all other non-Member revenue.

“Notes” means revenue and/or bond anticipation notes issued by the Authority.

“Obligations” means the Notes or Bonds issued by the Authority.

“Operating Expenses” means all expenses which may reasonably be determined by the Authority to be attributable directly or indirectly to the ownership or operation of the Jail and payable as operating expenses in accordance with generally accepted accounting principles, as well as any Capital Expenditures, not including Debt Service.

“Operating Reserve Fund” means the reserve fund established in Section 5.3.

“Placed in Service” means the first day on which the Jail was certified by the appropriate authority of the Commonwealth of Virginia to accept prisoners.

“Prisoner(s)” has the meaning given to such term in Section 4.1.

ARTICLE II

Creation of Authority

Section 2.1 – Regional Jail Authority. The Original Member Jurisdictions have previously established a regional jail authority pursuant to the Resolution to create the Middle River Regional Jail Authority for the County of Augusta, City of Staunton and City of Waynesboro, Virginia, adopted in 2001. Concurrently with their adoption of this Agreement, the Additional Member Jurisdictions shall adopt that Resolution, and the Original Member Jurisdictions shall readopt it, with amendments to reflect the inclusion of the Additional Member Jurisdictions.

Section 2.2 – Board. The powers of the Authority shall be exercised by a Board (the “Board”) consisting of three representatives from each of the Original and Additional Member Jurisdictions. The principal representatives of each Member Jurisdiction shall be (1) its sheriff (except for the City of Harrisonburg, which shall be represented by its chief of police), (2) its county administrator or city manager; and (3) its chief financial officer. The terms of the sheriffs shall coincide with the terms for which they have been elected, or in the case of persons

appointed to fill vacancies, until a new sheriff is elected. The terms of the other representatives shall be concurrent with their employment with their respective Member Jurisdictions. The sheriffs and the Member Jurisdictions may appoint alternate members to the Board. The Board shall establish bylaws governing the election of officers, the scheduling of meetings and notice therefor, and other procedural matters.

Section 2.3 – Jail Authority. The Authority shall have all powers as set forth in Section 53.1-95.2 *et seq.* of the Code of Virginia, as amended, as well as all other powers contained in the Code of Virginia applicable to regional jail authorities.

Section 2.4 – Appointment of Superintendent. The Authority shall appoint a superintendent of the Jail.

Section 2.5 – Duties of Superintendent. The Superintendent shall have the same control and authority over the prisoners committed or transferred to the Jail as the sheriffs of the Commonwealth of Virginia have over the prisoners committed or transferred to their jails. The Superintendent shall have all the powers and duties set forth in Section 53.1-95.8 of the Code of Virginia, as amended.

ARTICLE III

Jail

Section 3.1 – Expansion of Jail... The Authority agrees not to physically expand the Jail or incur additional Obligations without the consent of the governing bodies of at least four-fifths of the Member Jurisdictions.

Section 3.2 – Permits. The Authority will construct any improvement or expansion of the Jail in accordance with the requirements of all Applicable Laws. The Member Jurisdictions

agree to provide reasonable assistance to the Authority in complying with any such requirements, and will provide the Authority with any and all information that may be necessary in this regard.

ARTICLE IV

Provision of Services, Operation and Maintenance

Section 4.1 – Acceptance of Prisoners. The Authority will accept Prisoners from each Member Jurisdiction and to the extent space is available, from Client Jurisdictions, including the federal government and its agencies by contract agreement who have been: (i) duly arrested for committing a criminal offense and held over pending trial; or (ii) duly convicted of committing a criminal offense and sentenced to a term of incarceration by a court having proper jurisdiction (the “Prisoner”).

The Authority shall be responsible for housing Prisoners from the Member Jurisdictions in accordance with this Article. Prisoners of Member Jurisdictions shall be given a preference over those from jurisdictions of non-members, including the Commonwealth of Virginia, any other state, the District of Columbia, and the Federal government and its agencies. If the Authority determines that it must house prisoners from Member Jurisdiction in a location other than Middle River Regional Jail, the Member Jurisdictions shall pay the same amounts to the Authority as if the prisoner was housed by the Authority provided, however, that the Additional Members shall not pay the Authority for any prisoners housed in the Rockingham-Harrisonburg Regional Jail

Section 4.2 – Commitment of Prisoners. Until final payment of all debt incurred by the Authority for the construction of the Jail or any expansion thereof, each Original Member Jurisdiction agrees to commit all of its Prisoners to the custody of the Authority. Beginning July

1, 2015, the Additional Member Jurisdictions together agree to commit to the Jail a combined minimum of 150 Prisoners, and may commit additional prisoners if they choose to do so. In the event that the Jail is filled in part by nonmember jurisdictions, state or Federal prisoners, the Authority shall establish procedures to receive and commit prisoners from Member Jurisdictions in the Jail, or other appropriate jail(s).

Section 4.3 – Transportation of Prisoners. Unless the Authority agrees otherwise, each Member Jurisdiction shall be responsible for the initial transportation of Prisoners from such jurisdiction to the Jail for processing into the Jail population. Thereafter, the Authority shall be responsible for transporting Prisoners to and from the Jail and for all costs, expenses and security related to such Prisoners during transportation.

Section 4.4 – Operation and Maintenance. The Authority will operate and maintain the Jail in accordance with all Applicable Laws. The Authority shall be an equal opportunity employer.

Section 4.5 – Insurance. The Authority will maintain hazard, liability, or such other insurance as may be required by Applicable Law or which the Authority may deem advisable.

Section 4.6 – Annual Report. The Authority will provide to each Member Jurisdiction on or before each October 1 a report showing the activities and the revenues, expenditures, and employee compensation schedules and other similar data of the Authority for the preceding Fiscal Year and a copy of the Authority's audited financial statements

Section 4.7 – Annual Budget. The Authority will provide to each Member Jurisdiction on or before each February 1 the Authority's preliminary Annual Budget for the next Fiscal Year, and not later than June 30; shall adopt its final Annual Budget for the next Fiscal Year. For each Fiscal Year during which the Jail will be in operation, such Annual Budget shall set forth

the Net Operating Expenses to be funded by payments from the Member Jurisdictions and the percentage of such Net Operating Expenses to be paid by each Member Jurisdiction, determined as provided in Section 5.1(A), as well as the percentage of Debt Service to be paid by each Member Jurisdiction during such Fiscal Year, determined as provided in Section 5.1(B). The Authority will promptly provide copies of any amendments to its Annual Budget to each Member Jurisdiction.

Section 4.8– Books and Records. The Authority will maintain financial records and accounts kept in accordance with generally accepted accounting principles for governmental bodies, consistently applied, of all of its business and affairs. All records and documents in the Authority’s possession shall at all reasonable times be open to inspection by such agents or employees of the Member Jurisdictions as they may designate.

Section 4.9 – Majority Required for Authority Decisions. All decisions of the Board shall be determined by a majority vote of the Board unless otherwise noted within this Agreement.

ARTICLE V

Payments

Section 5.1 – Payments from Member Jurisdictions.

A. Payments for Budgeted Net Operating Expenses.

(1) Beginning with the 2015-2016 Fiscal Year, the calculation of the respective shares of the Net Operating Expenses to be paid by the Member Jurisdictions shall be computed utilizing the total usage of the Jail by the Original Member Jurisdictions during the preceding three calendar years, plus an assumed combined total annual average of 150 Prisoners per day for the Additional Member Jurisdictions during each of the preceding three calendar years, The

Additional Member Jurisdictions are each responsible for 50% of the assessment applicable to the Additional Member Jurisdictions' share. The Member Jurisdictions shall pay their respective annual shares of budgeted Net Operating Expenses, based on their respective percentages of the total usage of the Jail during the preceding three calendar years, as provided in this paragraph, calculated to the nearest one-tenth of one percent. For the 2016-2017 and 2017-2018 Fiscal Years, the Additional Member Jurisdictions' combined share of usage shall be calculated using known actual usage and assumed daily usage of 150 prisoners for the years or year in which actual usage is not available. After the first three fiscal years following the date of this agreement, Member Jurisdictions' annual Fiscal Year share of Net Operating Expenses shall be based on their respective percentages of total Member Jurisdiction usage during the preceding three calendar years, calculated to the nearest one-tenth of one percent, with the usage from Harrisonburg and Rockingham combined into one total and the Net Operating Costs assessed 50% to each based upon the combined total usage. Payments made by a Member Jurisdiction that are not based entirely upon actual usage shall be contingent upon and subject to appropriation by the governing body of such Member Jurisdiction.

(2) Each Member Jurisdiction's allocation of budgeted Net Operating Expenses shall be invoiced quarterly by the Authority and shall be payable not later than the last day of the first month of each quarter. The Member Jurisdictions agree to pay their ratable share of the Net Operating Expenses as budgeted by the Authority in accordance with the percentages based on the preceding three years' usage, established annually pursuant this Section.

(3) The percentages to be paid by the Member Jurisdictions under the preceding calculations shall at no time equal in the aggregate less than one hundred percent (100%) of the Net Operating Expenses for the fiscal year in question. The Authority agrees to adjust its budget

if necessary during any fiscal year to reflect unanticipated increases in expenses or revenue shortfalls that alter Net Operating Expenses, and to adjust its charges to the Member Jurisdictions accordingly. The Authority may allocate reserve funds in excess of the amount required in Section 5.3 to purchase one-time items, capital items or to reduce operating expenditures.

(4) If any Member Jurisdiction fails to pay any invoice for charges specified in Section 5.1(A) and (B) within 15 days after its due date, any such Member Jurisdiction agrees to pay a penalty service charge equal to 50% of the amount due for such quarter. Thereafter, such Member Jurisdiction shall be billed (and shall pay) monthly in accordance with the preceding sentence until it pays its arrearages hereunder, at which time such Member Jurisdiction shall again be billed, and shall make payments, in accordance with Section 5.1(A) and (B). In addition, the Authority shall have the right to refuse acceptance of Prisoners from any Member Jurisdiction that is more than 60 days delinquent in payment of the Authority's invoices for either Net Operating Expenses or Debt Service.

B. Payments for Debt Service.

(1) As of July 1, 2015, the Authority's outstanding bonded indebtedness will be \$22,905,000. Beginning with the 2015-2016 Fiscal Year, the calculation of the respective shares of the Debt Service to be paid by the Member Jurisdictions shall be computed utilizing the total usage of the Jail by the Original Member Jurisdictions during the preceding three calendar years, plus an assumed combined total annual average of 250 Prisoners per day for the Additional Member Jurisdictions during each of the preceding three calendar years, The Additional Member Jurisdictions are each responsible for 50% of the assessment applicable to the Additional Member Jurisdiction's share. The Member Jurisdictions shall pay their respective

annual shares of budgeted Debt Service, based on their respective percentages of the total usage of the Jail during the preceding three calendar years, as provided in this paragraph, calculated to the nearest one-tenth of one percent. For the 2016-2017 and 2017-2018 Fiscal Years, the Additional Member Jurisdictions' combined share of usage shall be calculated using known actual usage and assumed daily usage of 250 prisoners for the years or year in which actual usage is not available. After the first three fiscal years following the date of this agreement, Member Jurisdictions' annual Fiscal Year share of Debt Service shall be based on their respective percentages of total Member Jurisdiction usage during the preceding three calendar years, calculated to the nearest one-tenth of one percent, with the usage from Harrisonburg and Rockingham combined into one total and the Debt Service cost assessed 50% to each based upon the combined total usage. Each Member Jurisdiction's allocation of Debt Service payments shall be invoiced quarterly by the Authority and shall be payable not later than the last day of the first month of each quarter. (2) If the Authority lacks sufficient funds to pay scheduled Debt Service on the Bonds and Notes, or to pay any debt service reserve funding requirements, the Authority will promptly notify the Member Jurisdictions of the amount of such insufficiency. Upon such notification, the Member Jurisdictions each agree to pay, subject to the conditions contained in this paragraph, a portion of such based on the calculation prescribed in paragraph (1) this Section 5.1(B). Any such payment under this paragraph that is not based entirely on actual usage will be subject to the appropriation of funds by the governing body of each Member Jurisdiction and shall constitute a moral non-binding payment obligation. The obligations of the Member Jurisdictions under this paragraph shall expire only upon the payment of the Bonds and Notes or such earlier date provided therefor, if any, in the documents under which the bonds and notes are

issued. In no event shall the obligation of any Member Jurisdiction under this subsection (B) be deemed to constitute a debt within the meaning of the Constitution of Virginia.

Section 5.2 – Payments from Other Jurisdictions. Within the limits allowed by law, the Authority shall establish a per diem charge or charges for the care, maintenance and subsistence of Prisoners from Client Jurisdictions, including from the Commonwealth of Virginia, federal government, District of Columbia and other states or localities. Such charges shall be due and payable to the Authority from Client Jurisdictions having Prisoners in the Jail no later than 30 days from receipt of any statement of charges, and if not paid when due shall bear interest at such rate as the Authority shall establish until paid; provided, however, that this provision shall not apply in instances where Applicable Law prescribes some other due date or late payment charge.

Section 5.3 – Operating Reserve Fund. The Authority agrees to provide for an Operating Reserve Fund in each of its Annual Budgets in an amount equal to not less than 60 days of its projected Annual Operating Budget for each year less debt service. The Operating Reserve Fund will be established as a separate account and will be used to cover periods of revenue shortfall if the Authority's revenues are not sufficient to cover its Net Operating Expenses.

Section 5.4 – Limitation of Liability. The only obligation of the Member Jurisdictions to pay for the establishment, operation, maintenance or expansion of the Jail arises out of this Agreement. No such payment responsibility shall constitute a debt of any Member Jurisdiction within the meaning of any constitutional or statutory limitation.

ARTICLE VI

Additional Agreements

Section 6.1 – Sale or Other Conveyance. The Authority will not sell, lease, sublease, assign, convey or otherwise voluntarily dispose of the Jail unless the Notes, Bonds and any other debt incurred by the Authority have been or will be paid or deemed defeased in accordance with the agreements pursuant to which they were issued. Nothing herein shall be derived to prohibit leasing or subleasing portions of the facility to Member Jurisdictions or other entities as deemed appropriate. By a separate Agreement, the Buy-In Agreement among the Member Jurisdictions, which is attached hereto as Exhibit A, the Original Member Jurisdictions have agreed to an installment sale of 36.7% of their interest in the Jail and other assets of the Authority to the Additional Member Jurisdictions, for a total principal payment of \$21,543,588.00, ten percent of which shall be payable before June 30,2015, and the balance of which shall be payable according to the schedule included with Exhibit A. In the event of a default in their obligation to make such payments by the Additional Member Jurisdictions and, upon certification of such by the three Original Member Jurisdictions, the Authority shall refuse to accept any additional Prisoners from the Additional Member Jurisdictions.

Section 6.2 – Further Documents and Data. The parties to this Agreement will execute and deliver all documents and perform all further acts that may be reasonably necessary to perform the obligations and consummate the transactions contemplated by this Agreement.

Section 6.3 – Right to Access. Each Member Jurisdiction will have reasonable access to the Jail in order to monitor the Authority's compliance with the terms of this Agreement.

Section 6.4 – Notification. The Authority will promptly furnish to each Member Jurisdiction a copy of any notice or order of any governmental authority asserting that the Authority or the Jail is not in compliance in any material respect with any Applicable Law.

Section 6.5 – Tax-Exemption Covenant.

A. The Authority has issued and intends to continue to issue the Notes and Bonds in a manner such that their interest is excludable from gross income for federal income tax purposes under Section 103(a) and related provisions of the Internal Revenue Code of 1986, as amended, and applicable rules and regulations. The Authority and each Member Jurisdiction agree that after the Notes and Bonds have been issued, they will not take any action or omit to take any action which would adversely affect such exclusion.

B. Pursuant to Section 15c2-12(b) of regulations issued by the Securities and Exchange Commission, the Authority and Member Jurisdictions may be required to agree with owners of the Notes and Bonds, for as long as such obligations are outstanding, to supply certain national securities information repositories (1) annually certain financial and statistical information, and (2) periodically, notification of certain specified material events affecting the Authority, the Member Jurisdictions and such obligations. The particulars of this ongoing disclosure requirement will be set forth in one or more of an indenture, loan agreement or continuing disclosure agreement. Each Member Jurisdiction agrees to cooperate with the Authority in fulfilling this requirement, including providing the Authority with timely notice of the occurrence of any of the specified events which are material to its operations and hereby authorizes its County Administrator or City Manager, as the case may be, to execute and deliver any agreement considered necessary or appropriate to evidence such Member's continuing disclosure undertaking.

Section 6.6 – Additional Members. Any city or county in Virginia may, with the approval of its governing body and with the consent of all of the Member Jurisdictions join and participate in the Authority under such additional terms and conditions for membership as may be prescribed by the Authority and the Member Jurisdictions.

Section 6.7 – Withdrawal of Membership. Any Member Jurisdiction may withdraw from membership in the Authority by resolution or ordinance of its governing body; however, no Member Jurisdiction shall be permitted to withdraw from the Authority after any obligation has been incurred and remains outstanding except by unanimous consent of all Member Jurisdictions.

ARTICLE VII

Representations, Warranties and Covenants of Authority

In addition to the covenants in other Articles of this Agreement, the Authority represents, warrants and covenants as follows:

Section 7.1 – Organization, Authorization and Validity. The Authority is a political subdivision of the Commonwealth of Virginia duly organized and validly existing under the laws of the Commonwealth, and has duly authorized, executed, and delivered this Agreement

Section 7.2 – Authority. The Authority has all requisite authority under the Article 3.1 of Chapter 3 of Title 53.1 of the Code of Virginia (1950), as amended (the Act) to execute and deliver and perform its obligations under this Agreement and is not a party to any indenture, contract or other agreement or arrangement, the performance of which by the Authority would prevent or materially and adversely affect the Authority's ability to perform the terms of this Agreement.

Section 7.3 – Non-Contravention. The execution and delivery of this Agreement by the Authority and the consummation of the transactions contemplated in it will not conflict with or result in a breach of or constitute a default under or violate any of the terms, conditions, or provisions of the Act, the bylaws of the Authority or any material indenture, contract or other

agreement or arrangement to which the Authority is a party or by which any of its properties are bound, or any Applicable Law by which the Authority or the Jail is bound.

Section 7.4 – Litigation. The Authority is not a party to any legal, administrative, arbitration or other proceeding or controversy pending, or, to the best of the Authority’s knowledge, threatened, which would materially adversely affect the Authority’s ability to perform under this Agreement.

Section 7.5 – Approvals. Except for approvals that may be required by the Virginia Board of Corrections, the Authority does not require the consent or approval of any government body to carry out the terms of this Agreement.

ARTICLE VIII

Representations, Warranties and Covenants of Member Jurisdictions

Each Member Jurisdiction represents, warrants and covenants for itself as follows:

Section 8.1 – Organization, Authorization and Validity. Each Member Jurisdiction is a political subdivision of the Commonwealth duly organized and validly existing under the laws of the Commonwealth, and each has duly authorized, executed, and delivered this Agreement.

Section 8.2 – Authority. Each Member Jurisdiction has all requisite authority to execute and deliver and perform its obligations under this Agreement and is not a party to any indenture, contract or other agreement or arrangement, the performance of which by it would prevent or materially and adversely affect its individual performance under this Agreement.

Section 8.3 – Non-Contravention. The execution and delivery of this Agreement by each Member Jurisdiction and the consummation of the transactions contemplated in it will not conflict with or result in a breach of or constitute a default under or violate any of the terms, conditions, or provisions of any charter, resolution or ordinance, any material indenture, contract

or agreement or arrangement to which it is party or by which any of its properties are bound, or any Applicable Law by which it is bound.

Section 8.4 – Litigation. No Member Jurisdiction is a party to any legal, administrative, arbitration, or other proceeding or controversy pending, or, to the best of its knowledge, threatened, which would materially and adversely affect its ability to perform under this Agreement.

ARTICLE IX

Defaults and Remedies

Section 9.1 – Default by Authority. The occurrence of any one or more of the following events will constitute an “Event of Default” by the Authority (“Authority Default”):

- (i) Failure of the Authority to pay principal of or interest when due on any Notes, Bonds or other temporary or permanent financing for the Jail issued or obtained by the Authority pursuant to this Agreement;
- (ii) If the Authority is for any reason rendered incapable of performing any of its material obligations under this Agreement;
- (iii) The Authority makes an assignment of all or a portion of its obligations under this Agreement without the prior consent of the Member Jurisdictions;
- (iv) The Authority defaults on any of its material obligations under any agreement pursuant to which any Notes, Bonds, or other temporary or permanent financing for the Jail is issued or obtained by the Authority pursuant to this Agreement and such default is not cured within the applicable cure period;
- (v) Any proceeding is instituted, without the consent of all Member Jurisdictions but with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of the Authority; or
- (vi) The Authority defaults in the due and punctual performance of any other covenant, condition, agreement or provision contained in this Agreement, and the default continues for 30 days after written notice specifying the default and

requiring it to be remedied has been given to the Authority by any Member Jurisdiction.

Section 9.2 – Default by Member Jurisdiction. The occurrence of any one or more of the following events will constitute an “Event of Default” by any Member Jurisdiction (“Member Jurisdiction Default”):

- (i) Failure of any Member Jurisdiction to make payments of Net Operating Expenses or Debt Service charges when due;
- (ii) Any Member Jurisdiction shall for any reason be rendered incapable of fulfilling its obligations under this Agreement;
- (iii) Any proceeding is instituted, with the consent or acquiescence of any Member Jurisdiction, for the purpose of effecting a composition between such Member Jurisdiction and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the funds of such Member Jurisdiction; or
- (iv) Any Member Jurisdiction defaults in the due and punctual performance of any of the other covenants, conditions, agreements, and provisions contained in this Agreement, and the default continues for 30 days after written notice specifying the default and requiring it to be remedied has been given to such Member Jurisdiction by the Authority.

Section 9.3 – Remedies of Member Jurisdictions. Upon the occurrence of an Authority Default, any Member Jurisdiction, after giving notice of such Authority Default to all parties, may bring suit by mandamus or other appropriate proceeding to require the Authority to perform its duties under the Act and this Agreement or to enjoin any acts in violation of the Act or this Agreement.

Section 9.4 – Remedies of Authority. Upon the occurrence of a Member Jurisdiction Default, the Authority, after giving notice of such Member Jurisdiction Default to all parties, may bring suit by mandamus or other appropriate proceeding to require the Member Jurisdiction

to perform its duties under the Act and this Agreement or to enjoin any acts in violation of the Act or this Agreement.

Section 9.5 – Remedies Not Exclusive. No remedy in this Agreement conferred upon or reserved to the parties is intended to be exclusive of any other remedy, and each remedy is cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute.

ARTICLE X

Miscellaneous

Section 10.1 – Severability of Invalid Provisions. If any clause, provision or section of this Agreement is held to be illegal or invalid by any court, the invalidity of the clause, provision or section will not affect any of the remaining clauses, provisions or sections, and this Agreement will be construed and enforced as if the illegal or invalid clause, provision or section has not been contained in it.

Section 10.2 – Notices. 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 United States mail, postage prepaid, or by email to the following persons and addresses or to such other persons and addresses as any of such persons may from time to time specify in writing.

If to the Authority:

Chairman, Middle River Regional Jail Authority
c/o Jail Superintendent
Post Office Box 590
Verona, Virginia 24482

If to Augusta County:

County Administrator
Post Office Box 590
Verona, VA 24482

If to the City of Staunton:

City Manager
Post Office Box 58
Staunton, VA 24402

If to the City of Waynesboro:

City Manager
Post Office Box 1028
Waynesboro, VA 22980

If to the City of Harrisonburg:

City Manager
345 South Main Street
Harrisonburg, VA 22801

If to Rockingham County:

County Administrator
20 East Gay Street
Harrisonburg, VA 22802

Section 10.3 – Execution of Agreement. A sufficient number of copies for each party approving this Agreement, each of which shall be deemed to be an original having identical legal effect, shall be executed by the parties.

Section 10.4 – Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia.

Section 10.5 – Amendments. This Agreement may be changed or amended only with the consent of the Authority and each Member Jurisdiction. No such change or amendment may be made which will affect adversely the prompt payment when due of all monies required to be paid by the Member Jurisdictions under the terms of this Agreement, and no such change or

amendment shall be effective which would cause a violation of any provision of any resolution, indenture or agreement pursuant to which any Notes, Bonds or other temporary or permanent financing for the Jail is issued or obtained by the Authority.

Section 10.6 – Effective Date of Amended Agreement. As amended, this Agreement is effective and binding upon both the Original and Additional Member Jurisdictions as of July 1, 2015.

Section 10.7 – Waiver. Any waiver by any party of its rights under this Agreement must be in writing, and will not be deemed a waiver with respect to any matter not specifically covered. Nothing in this Agreement authorizes the waiver of any Member Jurisdiction’s obligation to make payments when due of any monies required to be paid by the Member Jurisdictions under the terms of this Agreement.

IN WITNESS WHEREOF, the Governing Bodies of the Member Jurisdictions have authorized this Agreement to be executed by their respective chief administrative officials, and the Jail Authority has authorized this Agreement to be executed by its chairman.

County of Augusta

By: _____
County Administrator

City of Waynesboro

By: _____
City Manager

City of Staunton

By: _____
City Manager

Middle River Regional Jail Authority

By: _____
Chairman

City of Harrisonburg

By: _____
City Manager

County of Rockingham

By: _____
County Administrator.