



**Agenda**  
**Industrial Development Authority**  
**Special Meeting**  
**Wednesday, September 3 2025, at 3:00 PM**  
**Administration Building Auditorium**  
**414 North Main Street, Madison, Virginia 22727**

**Roll Call/Determine Presence of a Quorum/Adoption of Agenda**

**Minutes of Previous Meeting Read and Action Theron**

1. Approve Minutes from June 2, 2025 (Annual Meeting)

**Report of the Chairman**

**Unfinished Business**

**New Business**

1. Davenport's Presentation (Bank Proposals) – Davenport Staff
  - a. Resolution

**Information/Correspondence**

**Adjourn**

## **MADISON COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY ANNUAL MEETING MINUTES**

Date: 6:00PM — Monday, June 2, 2025  
Location: Admin. Building Auditorium, 414 N. Main Street

At the annual meeting of the Industrial Development Authority on Thursday, June 10 at 6:00PM in the Admin. Building Auditorium:

PRESENT: Steve Hoffman, Chairman  
Douglas Parsons, Secretary/Treasurer  
Frank Berry, Assistant Secretary/Treasurer  
Paul Utz, Director  
William Hale, Director  
Steve Grayson, Director  
David Jones, Director  
Hannon Wright, County Attorney  
Jonathon Weakley, County Administrator

### **ROLL CALL/DETERMINE PRESENCE OF A QUORUM/ADOPTION OF AGENDA/ELECTIONS**

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The Parliamentarian, Hannon Wright, called the Authority to order.

The Parliamentarian advised that a quorum was present and made a motion to approve the agenda, seconded by Director Hoffman. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

The next order of business was to elect Directors to various positions.

The Parliamentarian asked for nominations for Chairman. Steve Grayson nominated and seconded by Paul Utz, the nomination of Steve Hoffman to serve as Chairman. A vote was ordered and the motion passed. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

Chairman Hoffman next asked for the Pledge of Allegiance and a moment of silence.

The Chairman then asked for nominations for Vice-Chairman. William Hale nominated, and Paul Utz seconded, the nomination of Steve Grayson. A vote was ordered and the motion passed. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

The Chairman then asked for nominations for Secretary-Treasurer. Billy Hale nominated, and Paul Utz seconded, the nomination of Doug Parsons to serve as Secretary-Treasurer. A vote was ordered and the motion passed. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

Next was discussion and election of the Assistant Secretary-Treasurer. Doug Parsons nominated, and Steve Grayson seconded, the nomination of Frank Berry to serve as Assistant Secretary-Treasurer. A vote was ordered and the motion passed. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

## **MINUTES OF PREVIOUS MEETING READ AND ACTION THERON**

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### 1. Approve Minutes from June 10, 2024

Steve Hoffman made a motion to approve the minutes, seconded by Steve Grayson. A vote was ordered and the motion passed. *Aye: Elliott, Parsons, Utz, Hale, Hoffman, Grayson, and Snider. Nay: (0) Abstain: (0) Absent: (0)*

## **REPORT OF THE CHAIRMAN**

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The two new members, Frank Berry and David Jones were introduced and welcomed to the IDA. There was a general briefing for the new members of the responsibilities of the IDA, the time commitment required, and a discussion of ethics and Freedom of Information requirements.

## **UNFINISHED BUSINESS**

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Jonathan Weakley reported that the Agriculture and Forestry Industries Development Fund (AFID) Performance Agreement funds were delivered to Revelation Vineyards and Hidden Pines Meat Processing LLC, and at a future meeting, the IDA will need to review compliance with the requirements under the funding. There was general agreement that an update on the grants will take place at the next meeting of the IDA.

## **NEW BUSINESS**

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Jonathan Weakley reported that Madison County is currently reviewing the need to finance various projects, including mechanical repairs at the schools. If the future financing needs to be bonded, a meeting of the IDA would be called. It is possible this meeting will occur in August or September.

## **INFORMATION/CORRESPONDENCE**

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None

## **ADJOURN**

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With there being no further business to conduct, Steve Hoffman made a motion to adjourn, seconded by Billy Hale. The motion passed. *Aye: Hoffman, Parsons, Utz, Hale, Grayson, Berry, and Jones. Nay: (0) Abstain: (0) Absent: (0).*

Respectfully submitted,

Douglas Parsons, Secretary/Treasurer

# RFP Results Summary

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Madison County, Virginia



August 26, 2025



# Bank RFP Process | Overview

- The County is moving forward with multiple County and School Projects and purchase of vehicles for approximately \$4,160,000\*. The exact timing and amount of these projects and purchases is unknown, so the County has decided to move forward with interim financing to provide flexibility.
- On behalf of the County, Davenport & Company LLC (“Davenport”) distributed a request for proposals (“RFP”) to local, regional, and national banks for a Direct Bank Loan to provide interim financing in an amount up to \$4,160,000 in the form of either a Drawdown Line of Credit or Bond Anticipation Note to be paid off or permanently financed by the County on or before May 1, 2028 (the “2025 Financing”).
- Ahead of the deadline on August 26, the County received four (4) proposals for the 2025 Financing from the following institutions:
  - Atlantic Union Public Finance (“Atlantic Union”);
  - Huntington Public Capital Corporation (“Huntington”);
  - Truist Bank (“Truist”); and,
  - Webster Bank.
- The following pages outline and compare the proposals received.



# Bank RFP Process | Recommended Proposal

- Based on the proposals received, the remainder of this analysis focuses on the Webster Bank Proposal for the following reasons:

1. Fixed rate through the life of the loan;
2. Flexible prepayment provisions (prepayable with no penalty on or after May 1, 2026);
3. Competitive interest rate (3.73%); bank counsel fee (\$3,500); and,
4. Security in-line with requested collateral structure.

- The other three (3) proposals received were missing one or more of the above attributes and included the following:

1. Atlantic Union – slightly lower interest rate (3.549%) but collateral structure was too restrictive; higher fee (\$7,500)
2. Huntington – later prepayment without penalty provision (after May 1, 2027) and higher interest rate (4.150%); same fee (\$3,500)
3. Truist – higher interest rates (3.740% for make-whole prepayment provision and 4.150% for prepayable anytime provision); higher fee (\$7,500)

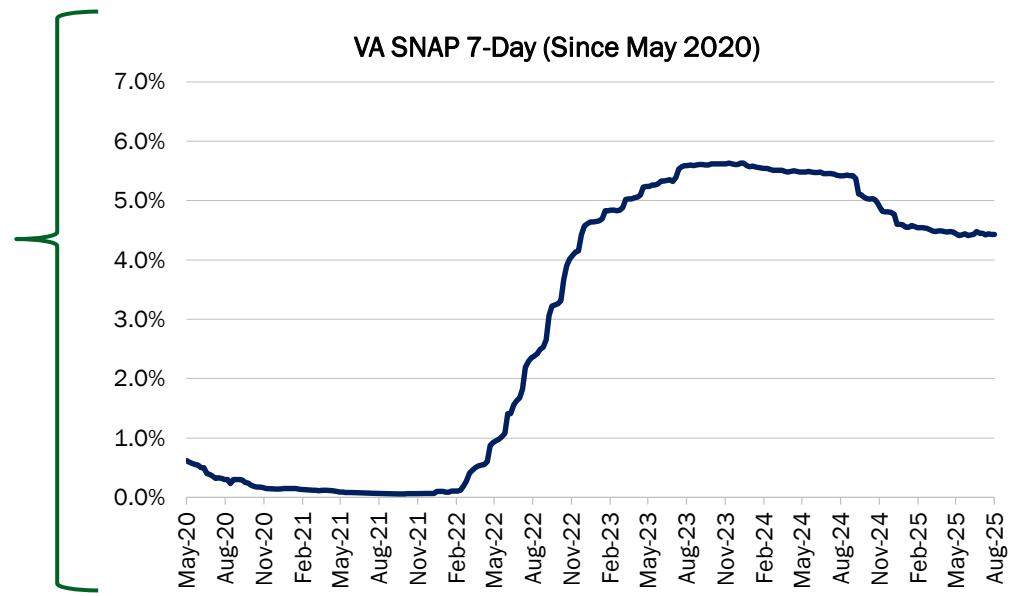
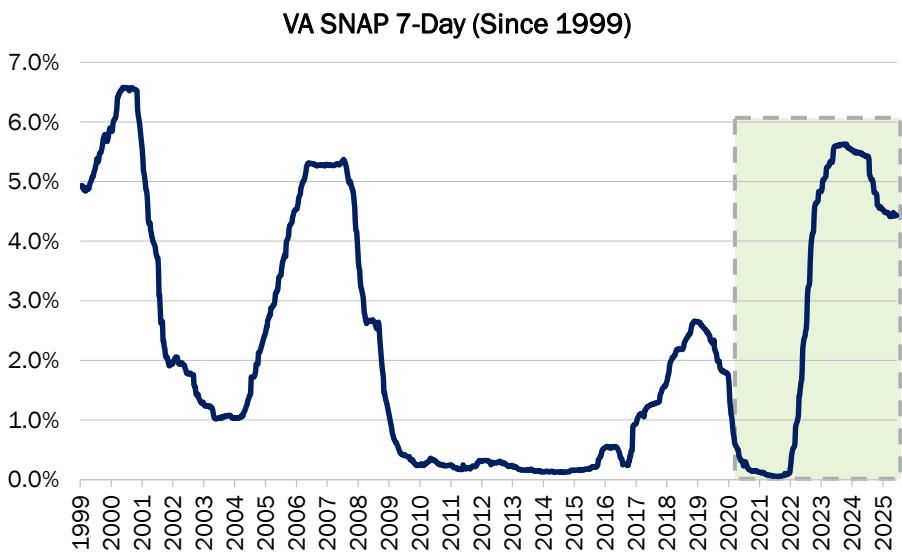
# Bank RFP Process | Debt Service Comparison



A	B	C
Preliminary Results	Planning Estimate	Webster Bank May 2026 Call
<b>1 Key Assumptions</b>		
2 Par Amount	\$ 4,160,000	\$ 4,160,000
3 Interest Rate	5.000%	3.730%
<b>4 Estimated Debt Service*</b>		
5 2026	\$ 132,311	\$ 98,704
6 2027	208,000	155,168
7 2028	208,000	155,168
<b>8 Total Interest</b>	<b>\$ 548,311</b>	<b>\$ 409,040</b>
9 Additional Fees	\$ -	\$ 3,500
<b>10 Total Cost to the County</b>	<b>\$ 548,311</b>	<b>\$ 412,540</b>
<b>11 Difference vs. Planning Estimate</b>		<b>\$ (135,771)</b>

\*Preliminary, subject to change.

# Historical Rates | SNAP



Current SNAP Rate – 4.43%



# Next Steps / Timeline

Date	Task
August 26 6:00 pm	County Board of Supervisors Meeting <ul style="list-style-type: none"><li>▪ Davenport presents summary of bank proposals.</li><li>▪ County Board considers selecting the winning lender.</li><li>▪ County Board considers adopting Final Resolution and forms of financing documents.</li></ul>
September 3 3:00 pm	IDA Board Meeting <ul style="list-style-type: none"><li>▪ IDA considers adopting Final Resolution and forms of financing documents.</li></ul>
Early September	<ul style="list-style-type: none"><li>▪ Working Group coordinates to finalize numbers and documents.</li><li>▪ Davenport and County Treasurer/Staff work to open SNAP account.</li><li>▪ Bond Counsel and County Attorney/Staff work to obtain Title Certificate.</li></ul>
On/About September 12	Closing on Direct Bank Loan.



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**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA**

**WHEREAS**, the Board of Supervisors (**the “Board of Supervisors”**) of the County of Madison, Virginia (**the “County”**) directed Davenport & Company LLC (**the “Financial Advisor”**) to prepare and distribute a Request for Proposals (**the “RFP”**) to obtain financing proposals to finance various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles (**the “Project”**);

**WHEREAS**, the Financial Advisor reviewed responses to the RFP for the financing of the Project and, along with the County’s Bond Counsel, Sands Anderson PC, Richmond, Virginia (**“Bond Counsel”**) and the County Administrator, recommended that the Board of Supervisors accept the proposal dated August 14, 2025 (**the “Proposal”**) from Webster Bank, National Association (**the “Lender”**) for such financing with an interest rate as set forth in such Proposal and subject to such other terms as set forth therein;

**WHEREAS**, the Board of Supervisors has requested the Industrial Development Authority of Madison County, Virginia (**the “Authority”**) to assist the County in providing funds to pay certain costs of the Project by the issuance of the Authority’s public facilities lease revenue bonds to accomplish certain purposes of the Virginia Industrial Development and Revenue Bond Act (**the “Act”**); and

**WHEREAS**, the Authority proposes to (a) issue, offer and sell its lease revenue bond in an amount of approximately \$4,160,000 (**the “Bond”**) to provide for the financing of a portion of the cost of the Project, including cost of issuing the Bond, (b) lease to two County administration buildings, or such other property of the County selected by the Chairman of the Board of Supervisors if it is determined that such property is not available or appropriate to be leased (**the “Leased Property”**) from the County for a not to exceed approximately ten year term under a ground lease, and in turn, lease the Leased Property to the County for a term not to exceed the term of the Bond under a lease agreement with the Authority and, (c) secure the Bond by an assignment of its rights under such lease agreement (except the right to receive indemnification, to receive notices and to give consents and to receive its annual fee and administrative expenses) and such ground lease under an assignment agreement, which is to be acknowledged and consented to by the Lender and the County, all in accordance with a bond purchase agreement; and

**WHEREAS**, there have been presented to this meeting drafts of the following documents (**collectively, the “Documents”**) in connection with the transactions described above, copies of which shall be filed with the records of the Authority:

- a. a Ground Lease, dated as of September 1, 2025, between the County and the Authority conveying to the Authority a leasehold interest in the Leased Property described therein (**the “Ground Lease”**);

- b. a Lease Agreement, dated as of September 1, 2025, between the Authority and the County (**the “Lease Agreement”**) conveying to the County a leasehold interest in such Leased Property;
- c. a Bond Purchase Agreement, dated as of September 1, 2025 among the Authority, the County and the Lender, pursuant to which the Bond is to be issued (**the “Bond Purchase Agreement”**);
- d. an Assignment Agreement, dated as of September 1, 2025 between the Authority and the Lender, assigning to the Lender certain of the Authority’s rights under the Lease Agreement and the Ground Lease, which is to be acknowledged and consented to by the County (**the “Assignment Agreement”**); and
- e. a Specimen Bond.

**NOW THEREFORE, BE IT RESOLVED** by the Industrial Development Authority of Madison County, Virginia:

- 1. The Authority hereby finds and determines that the undertaking of the design, acquisition, installation and equipping of the Project will be consistent with the purposes of the Act and that the Project and the Leased Property are “authority facilities” within the meaning of the Act.
- 2. All costs and expenses in connection with the issuance of the Bond, including but not limited to the Authority’s expenses and fees, the fees and expenses of the County, and the fees and expenses of the Bond Counsel, the Financial Advisor and the Lender for the sale of the Bond, shall be paid from the proceeds therefrom or other funds of the County. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the County and that the Authority shall have no responsibility therefor.
- 3. The Authority hereby accepts the Proposal as requested by the Board of Supervisors and instructs the Financial Advisor and Bond Counsel to take all such action as necessary or appropriate to conclude the financing by the issuance of the Bond of the Authority at the request of the Board of Supervisors.
- 4. The following plan for financing a portion of the cost of the Project is approved. The Authority shall use the proceeds from the issuance of the Bond to provide for the financing on behalf of the County of a portion of the cost of the Project and to lease the Leased Property from the County for a lease term of not to exceed approximately five years longer than the term of the Lease Agreement and to lease the Leased Property to the County for a lease term not less than the term of the Bond at a rent sufficient to pay when due the interest and principal on the Bond. The obligation of the Authority to pay principal and interest on the Bond will be limited to rent payments received from the County under the Lease Agreement. The obligation of the County to pay rent under the Lease Agreement will be subject to the Board of Supervisors of the County making annual appropriations for such purpose. The Board of Supervisors on behalf of the

County has adopted a resolution as its moral obligation to the repayment of the Bond. The Bond will be secured by an Assignment Agreement to the Lender as the holder thereof. If the Board of Supervisors exercises its right not to appropriate money for rent payments, the Lender may terminate the Lease Agreement or otherwise exclude the County from possession of the Leased Property. The issuance of the Bond on the terms set forth in a Bond Purchase Agreement is hereby approved.

5. The Authority hereby approves the Documents and the form of the Bond in the principal amount of up to \$4,160,000, with a fixed interest rate not to exceed 3.73%, maturing no later than December 31, 2028, subject to other terms as set forth therein and in the Proposal with such changes, including but not limited to changes in the amounts, dates, payment dates and rates as may be approved by the officer executing them whose signatures shall be conclusive evidence of his approval of the same.
6. The Chairman or Vice Chairman of the Authority, or either of them, and Secretary of the Authority are each hereby authorized and directed to execute the Documents and such other instruments and documents as are necessary to create and perfect a complete assignment of the rents and profits due or to become due in favor of the Lender, to issue the Bond, and to lease the Leased Property.
7. The officers, agents and representatives of the Authority are hereby authorized and directed to execute, deliver and file all certificates and documents and to take all such further action as they may consider necessary or desirable in their sole and absolute discretion in connection with the issuance and sale of the Bond, including without limitation (a) execution and delivery of a certificate setting forth the expected use and investment of the proceeds of the Bond to show that such expected use and investment will not violate the provisions of Section 148 of the Internal Revenue Code of 1986, as amended (**the “Code”**), and regulations thereunder, applicable to “arbitrage bonds,” (b) making any elections, at the request of the County that such officers deem desirable regarding any provision requiring rebate to the United States of “arbitrage profits” earned on investment of proceeds of the Bond, (c) providing for the County to pay any such rebate amount and (d) filing Internal Revenue Service Form 8038-G, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bond, the financing of the Project and the leasing of the Leased Property.
8. The Authority represents and covenants that it shall not take or omit to take any action the taking or omission of which will cause the Bond to be an “arbitrage bond” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (**the “Code”**) or otherwise cause the interest on the Bond to be includable in gross income for Federal income tax purposes under existing law. Without limiting the generality of the foregoing, the Authority shall comply with any provision of law that may require the Authority at any time to rebate to the United States any part of the earnings derived from the investment of the gross proceeds from the sale of the Bond; provided, however, the Authority is relying upon all such actions and payments, if any, to be done and made by the County.

9. Any authorization herein to execute a document shall include authorization to deliver it to the other parties thereto and to record such document where appropriate.
10. All other acts of the officers of the Authority that are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bond and the undertaking of design, acquisition and construction of the Project are hereby approved, ratified and confirmed.
11. The County by acceptance of this financing, to the extent permitted by law, will be deemed to have agreed to indemnify, defend and save harmless, to the extent permitted by law, the Authority, its officers, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the Authority and the issuance of the Bond, the financing of a portion of the costs of the Project or the leasing of the Leased Property.
12. Nothing in this Resolution, the Bond, or the Documents shall constitute a debt or a pledge of the faith and credit of the Authority or the County, and the Authority shall not be obligated to make any payments under the Bond or the Documents except from payments made by or on behalf of the County under the Lease Agreement pursuant to annual appropriation thereof in accordance with applicable law.
13. This resolution shall take effect immediately.

ADOPTED THIS \_\_\_\_ DAY OF SEPTEMBER, 2025.

## **CERTIFICATION OF ADOPTION OF RESOLUTION**

The undersigned Secretary of the Industrial Development Authority of Madison County, Virginia hereby certifies that the Resolution set forth above was adopted in an open meeting on September \_\_, 2025, by the Authority with the following votes:

Aye:

Absent:

Nay:

Abstentions:

Signed this \_\_\_ day of September, 2025.

By: \_\_\_\_\_  
Secretary

Tax Map Parcel Number: \_\_\_\_\_

**EXEMPT FROM CLERK'S FEE PURSUANT TO VIRGINIA CODE SECTION 17.1-266**

**EXEMPT FROM RECORDATION TAXES PURSUANT TO VIRGINIA CODE  
SECTION 58.1-811.E**

**ASSIGNMENT AGREEMENT**

**THIS ASSIGNMENT AGREEMENT**, dated as of September 1, 2025, between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA** a political subdivision of the Commonwealth of Virginia, (the “Assignor”) as grantor for indexing purposes and **WEBSTER BANK, NATIONAL ASSOCIATION**, its successors or assigns as bondholder of the Bond (as described below) (the “Assignee”) as grantee for indexing purposes;

**WITNESSETH:**

**WHEREAS**, the Assignor and the County of Madison, Virginia (the “County”) have entered into a Ground Lease dated as of the date hereof which provides that certain Leased Property, as defined below, is leased by the County to the Assignor;

**WHEREAS**, the Assignor, the County and the Assignee (the “Assignee”) have entered into a Bond Purchase Agreement, dated as of the date hereof (the “Bond Purchase Agreement”), which provides for the issuance of the Assignor’s \$4,160,000 Lease Revenue Bond, Series 2025 (the “Bond”) payable from certain payments by the County for rent thereunder (“Basic Rent,” and, as applicable, “Additional Rent”) for the lease of the Leased Property (as defined below) and as described in a Lease Agreement, dated as of the date hereof, between the Assignor and the County (the “Lease Agreement,” and together with this Assignment Agreement, the Ground Lease (as defined below) and the Bond Purchase Agreement, the “Basic Agreements”);

**WHEREAS**, the proceeds of the Bond will be utilized to finance various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles (the “Project”) and pay costs of issuance of the Bond; and

**WHEREAS**, the Ground Lease, dated as of September 1, 2025 between the County and the Assignor (the “Ground Lease”) provides for the County to lease the County administration facility properties (the “Leased Property”) to the Assignor, and the Lease Agreement provides for the Assignor to lease the Leased Property to the County and the County to lease the same from the Assignor.

Prepared by and return to:

Daniel M. Siegel, Esquire  
Sands Anderson, PC  
P. O. Box 1998  
Richmond, VA 23218-1998  
(804) 648-1636  
VSB # 20523

**NOW, THEREFORE**, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the receipt of which is acknowledged, the Assignor sells, assigns and delivers to the Assignee, its successors and assigns, all of its rights, title and interest under the Ground Lease and the Lease Agreement (except the right to receive payment of its fees and expenses, if any, to receive indemnification and to receive notices) as they may be amended from time to time pursuant to their terms, including, without limitation, its rights to (a) receive payments of Basic Rent and certain Additional Rent, (b) receive proceeds of condemnation of, and insurance on, the Leased Property, (c) re-enter and take possession of the Leased Property in the event of non-appropriation of Basic Rent or Additional Rent by the Board of Supervisors of the County and sell or lease the Leased Property, (d) exercise remedies of the Assignor upon default by the County under the Lease Agreement or a failure to appropriate and (e) all rights, interest and privileges which Assignor, as lessor, has and may have in oral or written leases now existing or hereafter made or affecting all or any part of the Leased Property, as such leases may have been, or from time to time hereafter, may be, modified, extended and renewed, with all rents, income and security deposits and profits due and becoming due therefrom including Assignor's rights, interests and privileges in any rents, income or profits derived from any subleases of the Leased Property and all rights and remedies of Assignor upon the occurrence of a default thereunder or a failure of the County to appropriate funds to make payments under the Lease Agreement. Such assignment is without recourse as to the failure of the County to make payments (due to financial inability or otherwise), or to perform any of its responsibilities or duties under the Ground Lease, the Lease Agreement or the Bond Purchase Agreement or any other documentation pertaining to the issuance of the Bond.

All moneys received by the Assignee pursuant to this Assignment Agreement shall be applied toward payment of the Bond, first to interest due and payable thereunder, then to principal due and payable thereunder. Upon repayment of the Bond, in full, and any other obligations of the County under the Lease Agreement or the Bond Purchase Agreement, all payments shall be paid to the County and this Assignment Agreement shall be terminated.

The Assignor irrevocably constitutes and appoints the Assignee, or any present or future officer or agent of the Assignee, or the successors or assigns of the Assignee, as its lawful attorney, with full power of substitution and resubstitution, in the name of the Assignor or otherwise, to collect and to sue in any court for payments due from the County under the Lease Agreement, to withdraw or settle any claims, suits or proceedings pertaining to or arising out of the Lease Agreement upon any terms, all without notice to or consent of the Assignor, and to take possession of and to endorse in the name of the Assignor any instrument for the payment of money received on account of the payments due from the County under the Lease Agreement.

The Assignee accepts such assignment as stated herein for its benefit as holder of the Bond.

The Assignor authorizes and directs the County, or its successors and assigns, to pay to the Assignee, or its successors and assigns, all Basic Rent and Additional Rent payments due or to become due under the Lease Agreement from and after the date of this Assignment Agreement by forwarding such payments to the Assignee by wire transfer or other form of electronic

payment in accordance with written instructions provided by the Assignee, or with the Assignee's consent, by such other commercially reasonable method of payment.

Subsequent successors and assigns of the Assignee shall notify the Assignor and the County of the appropriate wire instructions or address for payments of all Basic Rent due or to become due under the Lease Agreement.

The Assignor covenants that, notwithstanding this Assignment Agreement, it will perform all of the Assignor's duties and obligations under the Ground Lease and the Lease Agreement, including its obligation to provide possession of the Leased Property to the County pursuant to Section 3.1 of the Lease Agreement and to transfer, convey and assign its leasehold estate to the County upon payment by the County of all payments due and to become due under the Lease Agreement pursuant to Section 4.12 thereof.

The Assignor shall deliver to the Assignee the original executed Ground Lease and Lease Agreement, and the Assignee shall at all reasonable times have full access to the books and records of the Assignor relating to the Ground Lease and the Lease Agreement and payments due from the County under the Ground Lease and the Lease Agreement and to make extracts from such books and records.

The Assignor will make, execute and deliver any papers, instruments and documents that may be required by the Assignee, or its successors or assigns, to effectuate the purpose intended by this Assignment Agreement.

The assignment effected is absolute and shall not be construed to create a lien on or a security interest in the Basic Rent for any indebtedness or other obligation of any person. The Assignor waives any right, legal or equitable, now existing or hereafter arising, to offset against, attach, levy upon, enjoin or otherwise delay or disrupt any Basic Rent that may be owing to the Assignee on account of any claim or obligation between the Assignor and the Assignee or the County.

Assignee shall not be obligated to perform or discharge any obligation or duty to be performed or discharged by Assignor under any of the leases hereby assigned, included but not limited to the Lease Agreement.

Assignor covenants and represents that, except as contemplated by the Basic Agreements no other assignment of any interest in the leases hereby assigned has been made, and that, except as provided for in the Lease Agreement, including but not limited to modifications relating to the Bond or any Additional Bonds or Additional Notes (as defined in the Lease Agreement), the Assignor will not hereafter amend, alter, modify, cancel, surrender or terminate any of the leases, exercise any option which might lead to any such amendment, alteration, modification, cancellation, surrender or termination or consent to the release of any party liable thereunder or to the assignment of the interest of any lessee or sublessee or to any subletting without the prior written consent of Assignee.

Assignor hereby authorizes Assignee to give notice in writing of this Assignment at any time to any lessee or sublessee under any of the leases hereby assigned.

The full performance of the Bond and the Basic Agreements according to its terms shall render this Assignment Agreement void.

The net proceeds collected by Assignee under the terms of this instrument shall be applied in reduction of the entire indebtedness from time to time outstanding.

This Assignment Agreement applies to and binds the parties hereto and their respective heirs, administrators, executors, successors and assigns.

Notwithstanding anything contained in this Assignment Agreement to the contrary, all of the obligations of the Assignor hereunder shall be nonrecourse obligations, and the owner of the Bond and the Assignee shall look solely to Assignor's interest in the Leased Property for the satisfaction of any and all remedies they may have against the Assignor upon a default under one or more of the Basic Agreements. Neither the owner of the Bond nor the Assignee shall enforce or attempt to enforce any deficiency or other personal money judgment against the Assignor with respect to the obligations of the Assignee under the Bond and the Basic Agreements.

All capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease Agreement.

Upon payment of the principal and interest portion of the Bond attributable to the Leased Property by the Authority to the Assignee, the lien of the Assignee as bondholder on such Leased Property shall be released.

This Assignment Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia.

The Ground Lease, the Lease Agreement, the Bond Purchase Agreement, the Bond and this Assignment Agreement express the entire understanding and all agreements between all the parties and may not be modified except in writing signed by the parties.

This Assignment Agreement may be executed in any number of counterparts, each of which shall be an original, together shall constitute but one and the same Assignment Agreement.

**IN WITNESS WHEREOF**, the Assignor and the Assignee have caused this Assignment Agreement to be duly executed as of the date first above written.

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA -  
ASSIGNOR**

By: \_\_\_\_\_  
Chair

COMMONWEALTH OF VIRGINIA        )  
AT LARGE                            )

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this \_\_\_\_ day of September, 2025, by \_\_\_\_\_, as Chair of the Industrial Development Authority of Madison County, Virginia.

My commission expires: \_\_\_\_/\_\_\_\_/\_\_\_\_

My Notary Registration number is: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**WEBSTER BANK, NATIONAL  
ASSOCIATION, ASSIGNEE**

By: \_\_\_\_\_

## Title: Senior Managing Director

STATE OF OHIO )  
COUNTY OF )

The foregoing instrument was acknowledged before me in the County of \_\_\_\_\_, State of Ohio, this \_\_\_\_\_ day of September, 2025, by Kevin C. King, as Senior Managing Director on behalf of Webster Bank, National Association, as Assignee.

My commission expires:   /  /

My Notary Registration number is: \_\_\_\_\_.

---

Notary Public

**NOTICE OF ASSIGNMENT**

The undersigned acknowledges receipt of notice of the assignment by the Assignor of its rights in the Ground Lease and Lease Agreement to the Assignee as set forth in the foregoing Assignment Agreement, and consents thereto.

**COUNTY OF MADISON, VIRGINIA**

By: \_\_\_\_\_  
Chair, Board of Supervisors

COMMONWEALTH OF VIRGINIA        )  
    )  
AT LARGE                            )

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this \_\_\_\_\_ day of September, 2025, by \_\_\_\_\_, as Chair of the Board of Supervisors of the County of Madison, Virginia.

My commission expires: \_\_\_/\_\_\_/\_\_\_

My Notary Registration number is: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

## BOND PURCHASE AGREEMENT

Dated as of September 1, 2025

Industrial Development Authority  
of Madison County, Virginia  
Madison, Virginia

County of Madison, Virginia  
Madison, Virginia

### **Industrial Development Authority of Madison County, Virginia \$4,160,000 Lease Revenue Bond, Series 2025**

Ladies and Gentlemen:

Acceptance and execution of this agreement will confirm the agreement between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA**, a political subdivision of the Commonwealth of Virginia (the “Authority”), the **COUNTY OF MADISON, VIRGINIA**, a county and political subdivision of the Commonwealth of Virginia (the “County”), and **WEBSTER BANK, NATIONAL ASSOCIATION** (the “Lender”), concerning the purchase by the Lender of the Authority’s \$4,160,000 Lease Revenue Bond, Series 2025 (the “Bond”) dated as of September \_\_, 2025, such Bond payable in installments in the years and principal amounts, with principal amortizing, subject to optional redemption, and bearing interest at the rate as set forth in the form of the Bond attached as **Exhibit A**. The Bond will be “tax-exempt” and “bank qualified” for purposes of Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).

The proceeds of the Bond will be utilized to finance various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles (the “Project”) and to pay costs of issuance of the Bond.

The Bond will be secured by an Assignment Agreement, dated as of September 1, 2025 (“Assignment Agreement”), whereby the Authority, as assignor, assigns to the Lender, as assignee, the rights, title and interest of the Authority under the Ground Lease (as defined below) and the Lease Agreement (as defined below) (except the right to receive payment of certain fees and expenses, if any, to receive indemnification and to receive notices) and shall be payable, to the extent moneys are not otherwise available therefor, solely from revenues to be derived by the Authority from rental payments pursuant to a Lease Agreement, dated as of September 1, 2025 (the “Lease Agreement”) between the Authority and the County. The Authority and the County will enter into a Ground Lease, dated as of September 1, 2025, (the “Ground Lease”) providing for the lease to the Authority of the Leased Property (as defined therein). **Hereinafter the Bond, the Lease Agreement, the Ground Lease, the Assignment Agreement and this Bond Purchase Agreement shall be referred to as the “Documents.”**

## **Section 1. TERMS AND CONDITIONS**

Upon the terms and conditions and upon the basis of the representations set forth herein, the Lender hereby agrees to purchase from the Authority, and the Authority hereby agrees to sell to the Lender, the Bond at the purchase price of 100% of the aggregate principal amount thereof (**the “Purchase Price”**) on the Closing Date referred to in Section 4 hereof. The Bond shall be as described in, and shall have the terms and conditions, including but not limited to the payment dates for interest, principal and prepayment provisions, set forth in the form of the Bond attached as **Exhibit A** hereto and incorporated by this reference. The Documents providing for the issuance of and security for the Bond shall be in the forms heretofore delivered to us, with only such changes as shall be mutually agreeable to the Lender and the Authority. The Secretary of the Authority is appointed as registrar for the Bond.

## **Section 2. REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY**

The Authority represents, warrants and agrees with the Lender that:

(a) the Authority is, and will be at the Closing Date (as defined in Section 4 hereof) duly organized and validly existing as an industrial development authority under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (**the “Act”**), and has the power and authority (1) to issue, sell and deliver the Bond to the Lender as provided herein, (2) to finance the Project with the proceeds of the Bond and (3) to consummate all transactions contemplated by, and perform its obligations under, this Bond Purchase Agreement and the other Documents;

(b) when delivered to, and paid for by the Lender at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bond will have been duly authorized, executed, issued and delivered and will constitute a legal, valid and binding limited obligation of the Authority;

(c) the adoption of the Resolution (as defined below) and the execution and delivery of the Documents and compliance with the provisions thereof, under the circumstances contemplated hereby and thereby, do not and will not (1) violate the Constitution or laws of the Commonwealth of Virginia, including, without limitation, the Act, the ordinances creating the Authority, the Authority’s Bylaws or any other existing law, rule, regulation, order, writ, judgment, injunction, decree, or determination of any court, regulatory agency or other governmental unit by which the Authority is bound, or (2) conflict with, result in a breach of, or constitute a default under, any existing resolution, ordinance, indenture of trust or mortgage, loan or credit agreement, or any other existing agreement or instrument to which the Authority is a party or by which the Authority may be bound;

(d) the Authority has duly authorized, executed and delivered, and approved the performance by the Authority of its obligations contained in the Documents;

(e) prior to the Closing, all approvals, consents and orders, if any, of any governmental authority, board, agency or commission having jurisdiction over the Authority which would constitute a condition precedent to the performance by the Authority of its obligations hereunder and under the Bond and the other Documents have been obtained;

(f) no suit, action, proceeding or investigation is pending or, to the knowledge of the Authority, threatened against or affecting any of the Authority's properties, or against or affecting the Authority, before any court or governmental department, commission, board, bureau, agency or instrumentality which involves or would materially affect any of the transactions contemplated hereby or by the other Documents, or which, if determined adversely, could have a material adverse effect on (i) the organization or existence of the Authority, (ii) the execution and delivery by the Authority of the Documents, (iii) the performance by the Authority of its obligations under the Documents, (iv) the validity or enforceability of the Documents or the transactions contemplated thereby, (v) the title or authority of any Authority or County officials executing the Documents or other documents relating to the transactions contemplated thereby, or (vi) any authority or proceeding relating to the execution and delivery of the Documents on behalf of the Authority;

(g) no set of facts exists that, either immediately upon execution and delivery of any of the Documents or with the passage of time or giving of notice, or both, thereafter, would cause or lead to a default or Event of Default under any of such Documents;

(h) as of the Closing, the Authority will have complied with all the agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing other than those specified hereunder which have been waived by the Lender;

(i) the Authority has not created or suffered to be created or agreed to create or suffer to be created any lien, encumbrance or charge upon the revenues and funds, including but not limited to, the Basic Rent (as defined in the Lease Agreement) and Additional Rent (as defined in the Lease Agreement), if any, to be paid under the Lease Agreement and pledged to secure the Bond except the pledge, lien and charge for the security of the Bond, and covenants and agrees not to sell or allow the creation of any lien, encumbrance or charge upon such revenues and funds, until payment in full, or except in connection with financing or other action to accomplish the payment in full, of all interest, premium, if any, and principal of the Bond; and

(j) the representations and agreements of the Authority herein will be true and correct in all material respects as of the Closing.

### **Section 3. REPRESENTATIONS AND WARRANTIES OF THE COUNTY**

The County makes the following representations and warranties, all of which shall survive the delivery of the Bond:

(a) The County is a political subdivision of the Commonwealth of Virginia.

(b) The County has the power and authority to enter into the Documents to which it is a party and to consummate all transactions contemplated by, and perform its obligations under and as contemplated by the Documents, and by proper action, has duly authorized, executed and delivered the Documents and approved by the County its obligations contained in the Documents.

(c) The facilities financed and refinanced by proceeds of the Bond constitute "authority facilities" within the meaning of the Act, whose primary purposes are their use as capital improvements for the County. The County has obtained or will obtain all licenses, permits and consents required for the use and occupancy of the Leased Property and the Project.

(d) The proceeds of the sale of the Bond will be applied as described in the Bond.

(e) The adoption of the County Resolution (as defined below) and the execution and delivery of the Documents and the performance by the County of its obligations thereunder will not conflict with or constitute a breach or result in a default under (i) any federal or Virginia constitutional or statutory provision, (ii) any agreement or other instrument to which the County 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 County or its property.

(f) No consent, approval, authorization or order of any governmental or regulatory authority is required to be obtained by the County as a condition precedent to the execution and delivery by the County of the Documents or the performance by the County of its obligations thereunder.

(g) The County is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument under or subject to which any indebtedness has been incurred. No event has occurred or is continuing that, with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

(h) The County is not in violation in any material respect of any existing law, rule or regulation applicable to it and 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 County is a party or by which it is bound or to which any of its assets are subject, and the execution and delivery by the County of the Documents and the compliance with the terms and conditions thereof will not conflict with or result in the breach of or constitute a default under any of the foregoing.

(i) There is no litigation at law or in equity, or any proceeding before any governmental agency, pending or, to the knowledge of the County, threatened, in which any liability of the County is not adequately covered by insurance or in which any judgment or order

directed to the County would have a material adverse effect upon the operations or assets of the County or affect the validity of (i) the organization and existence of the County, (ii) its authority to execute, deliver and perform its obligations under the Documents, (iii) the validity or enforceability of any such instruments or the transactions contemplated thereby, (iv) the titles of the officers who executed or will execute such instruments, or (v) any authority or proceedings relating to the execution and delivery of such instruments by the County.

(j) The audited financial statements of the County fairly present the County's financial condition as of the dates indicated and the results of its operations for the periods specified, and the County has no reason to believe that such summary and financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied. There has been no material adverse change in the condition, financial or otherwise, of the County since June 30, 2024.

(k) As of the Closing, the County will have complied with all the agreements and satisfied all the conditions on its part required to be performed or satisfied at or prior to the Closing other than those specified hereunder, if any, which have been waived by the Lender.

(l) The representations and agreements of the County herein will be true and correct in all material respects as of the Closing.

#### **Section 4. CLOSING**

At 10:00 a.m., Madison County, Virginia time, on September \_\_, 2025 (**the "Closing Date"**) or at such other time or date as the Authority, the County and the Lender shall mutually agree upon, the Authority will deliver or cause to be delivered to the Lender, at the offices of Sands Anderson PC, Richmond, Virginia, or at such other place as the Authority, the County and the Lender may mutually agree upon, the Bond in registered form, duly executed by the Authority and the Documents. Concurrently with the notification to the Lender that delivery of the Bond has been made (**the "Closing"**), the Lender will accept such delivery and will cause the payment to the County on behalf of the Authority, by immediately available funds of the Purchase Price of the Bond on the Closing Date as set forth in the Closing Memorandum prepared by Davenport & Company LLC, as financial advisor to the County (**the "Financial Advisor"**).

#### **Section 5. CONDITIONS PRECEDENT TO CLOSING**

The Lender has entered into this Bond Purchase Agreement in reliance upon the Authority's representations and agreements herein and the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Lender's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of Closing, the Documents and the Bond shall have been duly executed and delivered by the parties thereto and shall be in full force and effect and the

Documents and the Bond shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Lender, and the Authority and the County shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Sands Anderson PC, Richmond, Virginia, Bond Counsel, shall be necessary in connection with the transactions contemplated hereby and thereby;

(b) at the Closing, the Lender shall receive in addition to the Bond and the Documents, the following:

(1) (A) the approving opinion, dated the date of Closing, in form and substance satisfactory to the Lender, of Bond Counsel (including an opinion that the Bond is “bank qualified”); and (B) the opinion of the County Attorney and of Authority Counsel, in the forms attached hereto as **Exhibits B and C**, with such changes in such opinion as Bond Counsel and the Lender shall approve;

(2) Such additional legal opinions, certificates, proceedings, instruments, and other documents, as the Lender or Bond Counsel may reasonably request to evidence (A) compliance by the Authority with legal requirements relating to the issuance of the Bond, or the representations set forth in the Tax and Nonarbitrage Certificate, (B) the truth and accuracy, as of the date of Closing, of all representations herein contained, and (C) the due performance or satisfaction by the Authority and the County at or prior to such date of all agreements then to be performed and all conditions then to be satisfied as contemplated under this Bond Purchase Agreement; and

(3) Resolutions adopted by the Authority on \_\_\_\_\_, 2025 (the “**Resolution**”) and by the Board of Supervisors on August 26, 2025 (the “**County Resolution**”), each authorizing the appropriate actions for this financing as approved by Bond Counsel.

(c) From the time that the parties have entered into this Bond Purchase Agreement and the date of Closing there shall has not been:

(1) any material change in the financial condition of the County

(2) any event, court decision, proposed law or rule, decision, or case effecting tax incidents of the Bond.

(3) a national or international crisis materially affecting, in the Lender’s opinion, the market price of the Bond.

(d) Evidence that the Lease, Ground Lease and Assignment Agreement have been recorded in the County land records.

If the Authority shall be unable to satisfy the conditions to the Lender's obligations contained in this Bond Purchase Agreement or if the Lender's obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate, and neither the Authority, nor the Lender shall have any further obligations hereunder, except that (i) the representations and warranties of the Authority and the County set forth in Section 2 and Section 3, respectively, herein (as of the date made) will continue in full force and effect; and (ii) the obligations of the County to pay the expenses and costs set forth in Section 6 shall continue.

## **Section 6. EXPENSES AND COSTS**

The expenses incident to the issuance of the Bond, including the fees and expenses of Bond Counsel and the fees and expenses of Authority Counsel, fees and expenses of the County Attorney, fees and expenses of the Financial Advisor, fees and expenses of the Lender and its counsel, shall be paid from the proceeds of the Bond or other monies received by the Authority on behalf of the County, based on the Closing Memorandum of the Financial Advisor.

## **Section 7. DISBURSEMENTS OF PROCEEDS**

At Closing, the Lender will wire in immediately available funds, a portion of the Purchase Price of the Bond to pay the costs of issuance of the Bond, as set forth in the Closing Memorandum prepared by the Financial Advisor. The full proceeds of the Bond will be disbursed at Closing. The remaining monies from the Purchase Price of the Bond after payment of costs of issuance will be deposited in a separate and distinct account established by the County and disbursed to pay or reimburse costs of the Project.

## **Section 8. FINANCIAL STATEMENTS**

The County shall furnish to the Lender, (a) annually during the term of the Bond, with audited financial statements, with supporting schedules (**the "Audit"**) of the County as soon as available after the County's acceptance thereof, but no later than 360 days after the end of the County's fiscal year, commencing with the fiscal year ending June 30, 2025, and (b) such other financial information as the Lender may reasonably request. Such Audit must be in a form and degree reasonably acceptable to the Lender and prepared in accordance with generally accepted accounting principles. The requirement to provide the Audit to the Lender will be satisfied if and to the extent such information is electronically posted and publicly available on the County's website or on the MSRB's "EMMA" website, and the County provides electronic notice to the Lender with a link to such posting. In the event that the Audit is not available within 360 days of fiscal year end, the County will furnish unaudited financial statements to the Lender in the manner described in this paragraph within such period, and will then supply the Audit immediately upon the availability thereof. The electronic Audit or link may be sent to the following email address (or such other address as the Lender supplies to the County in writing): [PublicFinance@WebsterBank.com](mailto:PublicFinance@WebsterBank.com).

**Section 9. OPTIONAL PREPAYMENT**

The Bond is subject to optional prepayment prior to maturity at the option of the County on May 1, 2026, or any interest payment date thereafter, in whole but not in part, upon thirty (30) business days' prior written notice to the Bondholder, upon payment of interest accrued to the prepayment date and 100% of the principal amount to be prepaid.

**Section 10. NOTICES**

Any notice or other communication to be given to the parties under this Bond Purchase Agreement shall be in writing and shall be deemed delivered if delivered in person, sent by certified mail, return receipt requested or sent by a recognized commercial delivery service to the parties as follows: if to the Authority, at its address set forth above; if to the Lender, to Webster Bank, National Association, 200 Elm Street, Stamford, CT 06901 (Attn: Public Sector Finance (publicfinance@websterbank.com); if to the County, to Madison County Administration Office, P.O. Box 1397, Madison, Virginia 23884 (Attn: Richard Douglas, County Administrator).

The approval of the Lender when required hereunder, or the determination of its satisfaction as to any document referred to herein, shall be in writing signed by the Lender and delivered to the Authority and the County.

**Section 11. LIMITED BENEFIT; SURVIVABILITY**

This Bond Purchase Agreement is made solely for the benefit of the Authority, the County and the Lender (including the successor or assigns of the Lender), and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All representations and agreements by the Authority, the County and the Lender in this Bond Purchase Agreement shall survive the delivery of and payment for the Bond.

**Section 12. APPLICABLE LAW**

The rights and obligations of the parties to this Bond Purchase Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia, exclusive of its conflicts of laws provisions.

**Section 13. ENTIRE UNDERSTANDING AND AMENDMENTS**

This Bond Purchase Agreement expresses the entire understanding and agreement of the parties with respect to the Bond, superseding all prior agreements, whether oral or written, and may not be modified, except in writing, signed by the Lender, the County and the Authority.

## **Section 14. COUNTERPARTS**

This Bond Purchase Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

## **Section 15. CONTINUING DISCLOSURES**

In connection with the County's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by the County on and after February 27, 2019, pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Lender acknowledges that the County may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice that the County has incurred obligations under the Bond and notice of certain subsequent events reflecting financial difficulties in connection with the Bond. The County agrees that it shall not file or submit, or permit to be filed or submitted, with EMMA any documentation that includes the following unredacted sensitive or confidential information about the Lender or its affiliates: address and account information of the Lender or its affiliate, e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Lender or its affiliates, unless otherwise required for compliance with the Rule or otherwise required by law. The County acknowledges that the Lender is not responsible for the County's compliance or noncompliance with the Rule or any Continuing Disclosure Agreement.

Very truly yours,

**WEBSTER BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Its: Senior Managing Director

ACCEPTED BY:

**INDUSTRIAL DEVELOPMENT AUTHORITY OF  
MADISON COUNTY, VIRGINIA**

By: \_\_\_\_\_  
Chair

**COUNTY OF MADISON, VIRGINIA**

By: \_\_\_\_\_  
Chair

[Signature Page to Bond Purchase Agreement]

**EXHIBIT A**

**Form of Bond**

**[See Tab #9]**

**EXHIBIT B**

**Form of Opinion of County Attorney**

**[See Tab #17]**

**EXHIBIT C**

**Form of Opinion of Authority Counsel**

**[See Tab #16]**

Tax Map Parcel Number(s): \_\_\_\_\_

**EXEMPT FROM CLERK'S FEE PURSUANT TO VIRGINIA CODE SECTION 17.1-266**

**EXEMPT FROM RECORDATION TAXES PURSUANT  
TO VIRGINIA CODE SECTION 58.1-811.E**

**GROUND LEASE**

**THIS GROUND LEASE**, dated as of the 1st day of September, 2025, is a deed of lease and is between the **COUNTY OF MADISON, VIRGINIA** (the "County") as lessor and grantor for indexing purposes, and the **INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA** a political subdivision of the Commonwealth of Virginia, (the "Authority"), as lessee and grantee for indexing purposes.

**WITNESSETH:**

**WHEREAS**, the Authority desires to acquire a leasehold interest in certain real property and buildings and improvements thereon, located in the County as more fully described in **Exhibit A** hereto, (the "Leased Property"), to provide funds to finance various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles (the "Project"), through the issuance by the Authority of its \$4,160,000 Lease Revenue Bond, Series 2025 (the "Bond"); and

**WHEREAS**, the Authority, the County and Webster Bank, National Association (the "Lender") have entered into a Bond Purchase Agreement, dated as of September 1, 2025 (the "Bond Purchase Agreement"), to provide the terms for the issuance of the Bond, to provide funds to finance a portion of the Project as described above and to pay costs of issuing the Bond; and

**WHEREAS**, the County holds the fee simple title to the property on which the Leased Property is located; and

**WHEREAS**, the County desires to lease the Leased Property to the Authority to finance the Project and, in turn, such Leased Property will be leased to the County pursuant to a Lease Agreement, between the Authority and the County, dated as of the date hereof (the "Lease Agreement"); and

**WHEREAS** the Authority desires to enter into this Ground Lease with the County in order to finance the Project; and

**WHEREAS**, pursuant to Section 15.2-1800(B) of the Code of Virginia of 1950, as amended, the County is authorized to enter into leases of real property;

Prepared by and return to:

Sands Anderson PC

Daniel M. Siegel, Esquire

P.O. Box 1998

Richmond, Virginia 23219

(804) 648-1636

VSB # 20523

**NOW, THEREFORE**, for and in consideration of the mutual covenants hereinafter contained and other valuable consideration, the parties hereto covenant and agree as follows:

**Section 1. Lease of Leased Property.** The County hereby demises and leases to the Authority, and the Authority hereby leases from the County, the Leased Property, together with all improvements now or hereafter located thereon or situated thereon, subject to the terms and provisions of this Ground Lease.

**Section 2. Term.** The term of this Lease shall commence on the execution hereof and shall expire at 11:59 p.m., May 1, 2033 as to the Leased Property, unless such term is sooner terminated as hereinafter provided.

**Section 3. Rental.** The Authority shall pay to the County, upon the execution hereof, as and for rental hereunder the sum of \$10.00 from the proceeds of the Bond and other valuable consideration upon the execution of this Ground Lease, receipt of which is hereby acknowledged, representing rental of the Leased Property in advance for the term of this Ground Lease.

**Section 4. Purpose.** The Authority shall use the Leased Property for leasing of the Leased Property to the County pursuant to the terms of the Lease Agreement, as well as for such purposes as may be incidental thereto; provided, however, that if any default by the County (which is not cured within any applicable notice and cure period) or an event of non-appropriation by the County occurs under the Lease Agreement, then the Lender shall be entitled to use the Leased Property for any use in accordance with all applicable laws for the remainder of the term hereof.

**Section 5. Representations and Warranties of the County.**

(a) Title to Leased Property. The County represents and warrants that it is the owner in fee simple of the Leased Property and that its title is, good and marketable on the date of the Leased Property's acquisition and thereafter.

(b) Existence and Authorization. The County represents and warrants that (i) it is a county and political subdivision under the laws of the Commonwealth of Virginia, and (ii) it has the full power and authority to enter into this Ground Lease and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Ground Lease.

(c) No Lien or Encumbrance. No lien or encumbrance on the Leased Property materially impairs the County's or the Authority's use of the Leased Property for the purposes for which it is, or may reasonably be expected to be, held. This Ground Lease and the Lease Agreement are the only leases that encumber or will encumber the Leased Property. The Leased Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the County's or the Authority's use of the Leased Property as contemplated by this Ground Lease and the Lease Agreement.

(d) Flood Hazard. The Leased Property is not located in a “Special Flood Hazard Area” show on a Flood Hazard Boundary Map or a Flood Insurance Rate Map used in connection with the National Flood Insurance Program and has not been subject to material damage from flooding.

(e) Insured Value. The insured value of the Leased Property, based on replacement cost, is not less than the aggregate principal component of all of the Payments of Basic Rent (as defined in the Lease Agreement).

(f) Useful Life. The building(s) located on the Leased Property have a remaining useful life that extends to at least September 1, 2030.

(g) Hazardous Materials. To the best of the County’s knowledge, after due inquiry, the Leased Property is free of all Hazardous Materials (as defined in the Lease Agreement) that would impair the County’s use of the Leased Property for the purposes for which it is, or may reasonably be expected to be, held or that will materially adversely affect the ability of the County or the Authority to perform their respective obligations under this Ground Lease or the Lease Agreement, as applicable.

(h) Taxes and Assessments. All taxes, assessments or impositions of any kind with respect to the Leased Property, except current taxes, have been paid.

(i) The Leased Property. The County has not made, done, executed or suffered, and warrants that it will not make, do, execute or suffer, any act or thing whereby the Authority’s or the County’s interest in any property now or hereafter included in the Leased Property shall be or may be impaired, changed or encumbered in any manner whatsoever except as permitted by this Ground Lease or the Lease Agreement.

**Section 6. Assignment and Sublease.** The Authority may assign its rights under this Ground Lease or encumber its rights hereunder or sublet the Leased Property without the consent of the County only (a) in connection with any assignment of its rights under the Lease Agreement, (b) if the Lease Agreement is terminated for any reason, including without limitation, because of a failure of appropriation or (c) if an Event of Default, as defined in the Lease Agreement, has occurred and is continuing. The Authority shall not assign its interest in this Ground Lease or encumber its rights hereunder or sublet the Leased Property without the consent of the Lender.

**Section 7. Fees and Expenses.** The County has agreed under the Lease Agreement to pay, subject to appropriation by the County, all reasonable expenses of the Authority arising out of the transactions contemplated by the Basic Agreements (as defined in the Lease Agreement).

**Section 8. Termination.**

(a) In the event the County makes all of the payments of Basic Rent and Additional Rent (each as defined in and provided for in the Lease Agreement) or upon the expiration of the

term hereof, the leasehold estate of the Authority hereunder shall be transferred, conveyed and assigned by the Authority to the County. The Authority agrees, upon such transfer, conveyance, assignment and termination, to surrender the Leased Property to the County, or as instructed by the County, after taking all actions necessary by law to permit such transfer, conveyance and assignment and, upon the request of the County, to execute an appropriate instrument evidencing such transfer, conveyance and assignment.

(b) The County shall not have the right to exclude the Authority from the Leased Property or take possession of the Leased Property (other than pursuant to the Lease Agreement) or to terminate this Ground Lease prior to the expiration of its term upon any default by the Authority of its obligations hereunder, except that if, upon payment by the County of all amounts specified in Section 4.12 of the Lease Agreement, the Authority fails to convey its leasehold estate hereunder to the County, then the County shall have the right to terminate this Ground Lease, such termination to be effective 30 days after giving notice of such termination to the Authority and, itself, convey its interest in the Leased Property to the County. However, in the event of a default by the Authority hereunder, the County may maintain an action for specific performance.

**Section 9. Quiet Enjoyment.** Subject to the Lease Agreement, the Authority at all times during the term of this Ground Lease shall peaceably and quietly have, hold and enjoy the entire leasehold estate created hereunder, subject to the obligation of the County under Section 15.2-1638 of the Code of Virginia of 1950, as amended, to provide courthouses with suitable space and facilities for the various courts and officials serving the County, a fireproof record room for the clerk, a jail, and, upon request, suitable offices for the Commonwealth Attorney.

**Section 10. Notices.** All notices to be given under this Ground Lease shall be in writing and shall be deemed to have been given when delivered in person or when mailed by first class registered or certified mail, postage prepaid, addressed (a) if to the Authority, c/o Madison County Administration Office, P.O. Box 705, Madison, Virginia 22727 (Attention: Chairman), or (b) if to the County, c/o Madison County Administration Office, P.O. Box 705, Madison, Virginia 22727 (Attention: County Administrator).

**Section 11. Severability.** If any provision of this Ground Lease shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**Section 12. Additional Provisions.** All costs and expenses in connection with the financing of the Project and the issuance of the Bond, including the Authority's expenses, the fees and expenses of the County and its counsel, the fees and expenses of the Bond Counsel, the County's Financial Advisor and the Lender and its counsel and other related costs of issuance, for the sale of the Bond, shall be paid for the proceeds therefrom as applicable, or other funds of the County. If for any reason the Bond is not issued, it is understood that all such expenses shall be paid by the County and that the Authority shall have no responsibility therefor.

**Section 13. Indemnification.** The County by acceptance of this financing under the Lease Agreement has agreed to indemnify, defend and save harmless, to the extent permitted by

law, the Authority, its officers, members, directors, employees and agents from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses in any way connected with the issuance of the Bond.

**Section 14. Liability of Authority.** Notwithstanding any provision of this Ground Lease to the contrary, the obligations of the Authority under this Ground Lease are not general obligations of the Authority, but are limited obligations payable solely from payments of Basic Rent and Additional Rent, if any. No director or officer of the Authority shall be personally liable on the Authority's obligations hereunder.

**Section 15. Successors and Assigns.** This Ground Lease shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 16. Counterparts.** This Ground Lease may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute but one and the same Ground Lease.

**Section 17. Governing Law.** This Ground Lease shall be governed by the laws of the Commonwealth of Virginia.

**Section 18. No Merger.** The reversionary and leasehold estates in and to the Leased Property created by this Ground Lease shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the County, the Lender, any lessee or any third party, unless the person holding both of such estates shall expressly elect in writing for them to merge.

**IN WITNESS WHEREOF**, the parties have caused this Ground Lease to be duly executed as of the date first above written, by their duly authorized representatives.

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA**

By: \_\_\_\_\_  
Chair

COMMONWEALTH OF VIRGINIA)  
COUNTY OF MADISON (AT LARGE))

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this \_\_\_\_\_ day of September, 2025, by \_\_\_\_\_, as Chair of the Industrial Development Authority of Madison County, Virginia.

My commission expires: \_\_\_\_/\_\_\_\_/\_\_\_\_

My Commission ID number is \_\_\_\_\_

---

\_\_\_\_\_  
Notary Public

**[Signature Page to Ground Lease]**

**COUNTY OF MADISON, VIRGINIA**

By: \_\_\_\_\_  
Chair, Board of Supervisors

COMMONWEALTH OF VIRGINIA)  
COUNTY OF MADISON (AT LARGE))

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this  
\_\_\_\_ day of September, 2025, by \_\_\_\_\_, Chair of the Board of Supervisors of the  
County of Madison, Virginia, on behalf of the County.

My Commission Expires: \_\_\_/\_\_\_/\_\_\_

My Commission ID number is \_\_\_\_\_

\_\_\_\_\_ Notary Public

**[Signature Page to Ground Lease]**

**Exhibit A**

**Property Description**  
**County Administration Facilities as hereinafter described:**

Tax Map Parcel Number(s): \_\_\_\_\_

**LEASE AGREEMENT**

**between**

**INDUSTRIAL DEVELOPMENT AUTHORITY OF  
MADISON COUNTY, VIRGINIA**

and

**COUNTY OF MADISON, VIRGINIA**

**Dated as of September 1, 2025**

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**ALL BASIC RENT (AS DEFINED HEREIN) AND ADDITIONAL RENT (AS DEFINED HEREIN) (EXCLUSIVE OF AUTHORITY'S FEES AND EXPENSES) PAYABLE UNDER THIS LEASE HAVE BEEN ABSOLUTELY ASSIGNED TO, AND ARE SUBJECT TO A SECURITY INTEREST IN FAVOR OF WEBSTER BANK, NATIONAL ASSOCIATION, ITS SUCCESSORS OR ASSIGNS PURSUANT TO AN ASSIGNMENT AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA AND WEBSTER BANK, NATIONAL ASSOCIATION, DATED AS OF SEPTEMBER 1, 2025, AS AMENDED OR SUPPLEMENTED FROM TIME TO TIME.**

**This Lease Agreement is exempt from recording taxes under Section 58.1-807 of the Code of Virginia of 1950, as amended, pursuant to Section 58.1-811E.**

**This Lease Agreement is exempt from clerk's fee pursuant to Section 17.1-266 of the Code of Virginia of 1950, as amended.17.1-266**

Prepared by and return to:

Daniel M. Siegel, Esquire

Sands Anderson, PC

P.O. Box 1998

Richmond, Virginia 23219

(804) 648-1636

VSB# 20523



**THIS LEASE AGREEMENT**, dated as of September 1, 2025, is a deed of lease and is between the **INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA** a political subdivision of the Commonwealth of Virginia (the “Authority”) and grantor for indexing purposes and the **COUNTY OF MADISON, VIRGINIA**, a county and political subdivision of the Commonwealth of Virginia (the “County”) and grantee for indexing purposes;

**WITNESSETH:**

**WHEREAS**, the Authority is a political subdivision of the Commonwealth of Virginia duly created under the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the “Act”);

**WHEREAS**, the Authority is authorized to exercise all the powers set forth in the Act, which include, among other things, the power to finance and lease facilities for use by a locality, to issue its revenue bonds, notes and other obligations from time to time for this purpose, and to pledge all or any part of the revenues to secure the payment of such obligations;

**WHEREAS**, pursuant to a Ground Lease entered into between the Authority and the County as of the date hereof, the Authority is acquiring simultaneously with the execution hereof a leasehold interest in the property consisting of the County administration facilities (**the “Leased Property”**) located in the County, as more fully described in **Exhibit A** to the Ground Lease and in **Exhibit B** hereto; and

**WHEREAS**, the Authority has agreed to cause the Project (as defined below) to be designed, acquired, installed and equipped and to lease the Leased Property to the County and the County has agreed to finance a portion of the costs of the Project and to lease the Leased Property from the Authority.

**NOW, THEREFORE**, for and in consideration of the mutual covenants hereinafter contained, the parties hereto do hereby agree as follows:

**ARTICLE I.**  
**DEFINITIONS**

**Section 1.1 Definitions.** The following words as used in this Lease Agreement shall have the following meanings unless the context otherwise requires.

“**Additional Bond**” or “**Additional Note**” shall mean any bonds or notes issued to finance the completion of the Project or to refund the Bond or any Additional Bonds or Additional Notes, secured by rent from the lease of the Leased Property under a Supplemental Lease Agreement on a parity basis with the Bond and any other Additional Bonds and Additional Notes.

“**Additional Rent**” has the meaning given to it in Section 4.2(b).

**“Assignment Agreement”** shall mean the Assignment Agreement entered into as of the date hereof, by the Authority and the Lender, relating to the assignment by the Authority of its rights under the Ground Lease and this Lease Agreement, and any and all amendments thereto.

**“Authority”** shall mean the Industrial Development Authority of Madison County, Virginia, a political subdivision of the Commonwealth of Virginia, its successors and assigns.

**“Basic Agreements”** shall mean collectively the Ground Lease, the Bond Purchase Agreement, the Assignment Agreement, and this Lease Agreement.

**“Basic Rent”** shall mean the payments payable by the County pursuant to Section 4.2(a) during the Lease Term.

**“Board of Supervisors”** shall mean the Board of Supervisors of Madison County, Virginia, as the governing body of the County.

**“Bond”** shall mean the Authority’s Lease Revenue Bond, Series 2025 issued pursuant to the Bond Purchase Agreement to finance the Project.

**“Bondholder”** shall initially mean the Lender, as the purchaser of the Bond, and any subsequently registered owner of the Bond.

**“Bond Purchase Agreement”** shall mean that certain Bond Purchase Agreement among the Authority, the County, and the Lender, dated as of September 1, 2025.

**“Code”** shall mean the Internal Revenue Code of 1986, as amended, including applicable regulations, rulings and revenue procedures promulgated thereunder or under the Internal Revenue Code of 1954, as amended.

**“County”** shall mean the County of Madison, Virginia.

**“Environmental Laws”** shall mean all federal, state and local laws (including common or decisional law), statutes, ordinances and regulations relating to pollution or protection of human health or the environment (including without limitation ambient air, surface, water, ground water, wetlands, land surface or subsurface strata), including without limitation laws and regulations relating to emissions, discharges, releases or threatened releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. Environmental Laws include but are not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), the Federal Insecticide, Fungicide and Rodenticide Act, as amended (“FIFRA”), the Resource Conservation and Recovery Act, as amended (“RCRA”) and the Superfund Amendments and Reauthorization Act of 1986, as amended (“TSCA”).

**“Environmental Liabilities”** shall mean any and all obligations to pay the amount of any judgment or settlement, the cost of complying with any settlement, judgment or order for injunctive or other equitable relief, the cost of compliance, cleanup, remediation, response or other corrective action in response to any notice, demand or request from a governmental authority, the amount of any civil penalty or criminal fine, and any court costs and reasonable

amounts for attorney's fees, fees for witnesses and experts, and costs of investigation and preparation for defense of any claim or proceeding, regardless of whether such proceeding is threatened, pending or completed, that have been or may be asserted against or imposed upon the Authority, the County or the Leased Property and arise out of:

- (a) Failure of the County or the Leased Property to comply at any time with all Environmental Laws;
- (b) Presence of any Hazardous Materials on, in, under, at or in any way affecting the Leased Property at any time;
- (c) A release at any time of any Hazardous Materials on, in, at, under or in any way affecting the Leased Property or at, on, in, under or in any way affecting any adjacent site or facility;
- (d) Identification of the Authority or the County as a potentially responsible party under CERCLA or under any Environmental Law similar to CERCLA;
- (e) Presence of any above-ground and/or underground storage tanks, as defined in RCRA or in any applicable Environmental Law on, in, at, under or in any way affecting the Leased Property or on, in, at, under or in any way affecting any adjacent site or facility; or
- (f) Any and all claims for injury or damage to persons or property arising out of exposure to Hazardous Materials originating at the Leased Property or resulting from operation thereof or located at the Leased Property or any adjoining property.

**“Ground Lease”** shall mean the Ground Lease between the County and the Authority, entered into as of the date hereof, and any and all amendments thereto.

**“Hazardous Materials”** shall mean chemicals, pollutants, contaminants, wastes and toxic substances, including without limitation:

- (a) Solid or hazardous waste, as defined in RCRA or in any Environmental Law;
- (b) Hazardous substances, as defined in CERCLA or in any Environmental Law;
- (c) Chemical substances and mixtures, as defined in TSCA or in any Environmental Law;
- (d) Pesticides, as defined in FIFRA or in any Environmental Law; and
- (e) Crude oil or fractions thereof, gasoline or any other petroleum product or byproduct, polychlorinated biphenols, asbestos, urea formaldehyde, fluorinated hydrocarbons and radon.

**“Lease Agreement”** shall mean this Lease Agreement and any and all amendments thereto.

**“Lease Term”** shall mean the duration of the leasehold estate created in the Leased Property as provided in Section 4.1.

**“Leased Property”** shall mean the real estate and building improvements consisting of the County administration facilities, as further described in Exhibit A to the Ground Lease and Exhibit B to this Lease Agreement.

**“Lender”** means Webster Bank, National Association, as the initial Bondholder, and its successors and assigns.

**“Net Proceeds”** shall mean the gross proceeds from any insurance recovery or condemnation or eminent domain award in connection with the Leased Property less payments for attorney’s fees and other expenses incurred in the collection of such gross proceeds.

**“Payment of Basic Rent”** shall mean payment in full of all Basic Rent due and to become due to and including May 1, 2028.

**“Permitted Encumbrances”** shall mean, as of any particular time as to the Leased Property, (a) liens for taxes and special assessments not then delinquent, (b) liens for taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the County shall have set aside adequate reserves, unless thereby any of the Leased Property or the interest of the County therein may be in danger of being lost or forfeited, (c) this Lease Agreement, the Ground Lease and any security interests or other liens created thereby, (d) mechanics’ and materialmen’s liens incident to construction or maintenance now or hereafter filed of record which are being contested in good faith and have not proceeded to judgment, provided that the County shall have set aside adequate reserves with respect thereto, (e) restrictions, mineral rights, easements, rights of way, exceptions or reservations for the purpose of utilities (including but not limited to water and gas pipelines, sanitary and storm sewers, telephone lines, telegraph lines, power lines, substations and other facilities and equipment used in connection with such utilities), roads, streets, alleys, highways, railroads, dikes, canals, laterals, ditches, and other like purposes, or for the joint or common use of real property, in each case which do not materially impair the use of the Leased Property for the purposes for which it is or may reasonably be expected to be held, (f) such defects, irregularities, encumbrances, easements, rights of way and clouds on title as normally exist with respect to property owned or leased by the County for essential governmental purposes and similar in character to the Leased Property and as will not, in an opinion of the County Attorney, impair the use of the Leased Property affected thereby for the purpose for which it is or may reasonably be expected to be held by the County (and must be in form and substance reasonably acceptable to the Bondholder), (g) present or future zoning laws and ordinances, and (h) liens, property interests and rights related to the Bond or any Additional Bonds or Additional Notes.

**“Project”** shall mean the costs of various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles.

**“Supplemental Lease Agreement”** shall mean any lease on parity with this Lease Agreement, under which any Additional Bonds or Additional Notes are issued.

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

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Words importing the redemption or calling for redemption of the Bond shall not be deemed to refer to or connote the payment of the Bond at its stated maturity.

(c) Unless otherwise indicated, all references herein to particular Articles or Sections are references to Articles or Sections of this Lease Agreement.

(d) The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Lease Agreement nor shall they affect its meaning, construction or effect.

All references herein to payment of the Bond are references to payment of principal of and premium, if any, and interest on the Bond.

## **ARTICLE II. REPRESENTATIONS**

**Section 2.1 Representations by Authority.** The Authority makes the following representations:

(a) The Authority is a political subdivision of the Commonwealth of Virginia duly created by an ordinance of the County pursuant to the Act;

(b) The undertaking by the Authority (i) to finance a portion of the costs of the Project and the costs of issuing the Bond and (ii) to lease the Leased Property to the County, has been authorized, in compliance with the Act and the Authority's Bylaws, by the affirmative vote of not less than a majority of the directors of the Authority present at a meeting at which a quorum was present and acting throughout;

(c) Pursuant to the Act, the Authority has full power and authority to enter into the Basic Agreements and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered the Basic Agreements and has issued the Bond;

(d) The execution, delivery and compliance by the Authority with the terms and conditions of the Basic Agreements will not conflict with or constitute or result in a default under or violation of, (1) the Act, the Authority's Bylaws or the ordinance creating the Authority, (2) any existing law, rule or regulation applicable to the Authority, or (3) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or other restriction of any kind to which the Authority or any of its assets is subject;

(e) No further approval, consent or withholding of objection on the part of any regulatory body or any official, federal, state or local, is required in connection with the

execution or delivery of or compliance by the Authority with the terms and conditions of the Basic Agreements;

(f) There is no litigation at law or in equity or any proceeding before any governmental agency involving the Authority pending or, to the knowledge of the Authority, threatened with respect to (1) the creation and existence of the Authority, (2) its authority to execute and deliver the Basic Agreements or the Bond, (3) the validity or enforceability of the Basic Agreements or the Authority's performance of its obligations thereunder, including, but not limited to, the power to lease the Leased Property to the County, (4) the title of any officer of the Authority executing the Basic Agreements or the Bond, or (5) the power to finance a portion of the costs of the Project; and

(g) The Authority is the owner of a leasehold estate in the Leased Property granted by the Ground Lease, which leasehold estate is being leased to the County pursuant to this Lease Agreement.

**Section 2.2 Representations by County.** The County makes the following representations:

(a) The County is a county and political subdivision of the Commonwealth of Virginia;

(b) The lease of the Leased Property to the County pursuant to this Lease Agreement will provide for the acquisition or has provided for the acquisition of certain capital projects that will serve functions which are essential to the proper operations of the County and the welfare of its residents;

(c) The County has full power and authority to enter into the Basic Agreements to which it is a party and to perform the transactions contemplated thereby and to carry out its obligations thereunder and by proper action has duly authorized, executed and delivered such Basic Agreements;

(d) The County 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 or subject to which any indebtedness for borrowed money has been incurred, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in an event of default thereunder;

(e) The County is not in default under or in violation of, and the execution, delivery and compliance by the County with the terms and conditions of the Basic Agreements to which it is a party will not conflict with or constitute or result in a default under or violation of, (1) any existing law, rule or regulation applicable to the County, or (2) 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 County or any of its assets is subject, and no event has occurred and is continuing that with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation;

(f) No further approval, consent or withholding of objection on the part of any regulatory body or any official, federal, state or local, is required in connection with the execution or delivery of or compliance by the County with the terms and conditions of the Basic Agreements to which it is a party;

(g) There is no litigation at law or in equity or any proceeding before any governmental agency involving the County pending or, to the knowledge of the County, threatened with respect to (1) the authority of the County to execute and deliver the Basic Agreements to which it is a party, (2) the validity or enforceability of such Basic Agreements or the County's performance of its obligations thereunder, including, but not limited to, the power to lease the Leased Property from the Authority, (3) the title of any officer of the County executing such Basic Agreements, (4) the power to finance a portion of the costs of the Project, or (5) that will materially or adversely affect the County's financial condition or ability to occupy the Leased Property;

(h) There are no present or, nor to the knowledge of the County, past actions, activities, circumstances, conditions, events or incidents, including without limitation, any release of any Hazardous Materials which have not been appropriated, remediated or addressed, that could form the basis for assertion of any Environmental Liability with respect to the Leased Property against the County or the Authority. The County will comply with all Environmental Laws applicable to the County and the Leased Property, as they may exist from time to time. The County has not received any communication in any form from any governmental environmental authority alleging that the County, with respect to the Leased Property is not in compliance with any Environmental Law; and

(i) Until termination of the Lease Term, the County intends to use and operate the Leased Property, or to cause it to be used and operated, as described in this Lease Agreement or for any other use which is permissible under the Act, the Code and the Code of Virginia of 1950, as amended. The County will not use or occupy the Leased Property or permit any portion thereof to be used or occupied (i) contrary to any law or regulation in effect now or in the future (and without regard to any change of government policy) or (ii) in any manner which will (a) cause structural injury to any part of the Leased Property, (b) cause the value or the usefulness of the Leased Property to diminish (ordinary wear and tear excepted), (c) constitute a public or private nuisance or (d) result in waste to the Leased Property; nor will it do or permit anything to be done on or about the Leased Property that will affect, impair or contravene any policies of insurance that may be carried on the Leased Property or with respect to its use, or adversely impact the tax-exempt status of interest on the Bond or any Additional Bonds or Additional Notes for federal income tax purposes, if applicable, or the "bank-qualified" status of the Bond.

### **ARTICLE III.** **ACQUISITION OF THE PROJECT AND LEASING OF THE LEASED PROPERTY**

**Section 3.1 Demise of Leased Property.** The Authority demises and leases to the County and the County leases from the Authority, the Leased Property, for the term set forth in Section 4.1 and the Basic Rent and Additional Rent as set forth in Section 4.2 and in accordance with the terms of this Lease Agreement. The Authority hereby agrees to perform the obligations imposed upon it as lessee under the Ground Lease. Subject to the provisions of Articles VI and

VII, the County shall be entitled to possession of the Leased Property during the term of this Lease Agreement.

**Section 3.2 Agreement to Finance the Project.** Contemporaneously with the execution and delivery hereof, the Authority shall issue the Bond to finance a portion of the costs of the Project, which amount, together with other funds the County expects to be available, the County reasonably believes to be sufficient to complete the Project and the costs of issuing the Bond. If the total cost of the Project exceeds current estimates, the County, subject to Section 4.5, shall be obligated to pay any excess cost to complete the Project, and there shall be no resulting diminution in or postponement of payments of Basic Rent required to be paid by the County pursuant to Section 4.2.

The County, as agent for the Authority, shall cause the Project to be designed, acquired, installed and equipped and shall obtain or cause to be obtained all permits, approvals and consents necessary for completion of such Project. Upon request of the Bondholder, the County shall provide copies of such permits, approvals and consents.

The County, as agent for the Authority, shall use its best efforts to complete the Project by May 1, 2028. If for any reason the Project shall not be completed by such date, there shall be no resulting diminution in or postponement of the payments of Basic Rent required to be paid by the County by Section 4.2.

Upon completion of the Project, should proceeds of the Bond (including investment earnings thereon) remain unspent, such Bond proceeds may be utilized by the County to finance costs of the acquisition, design, construction, equipping, restoration and furnishing of other County capital projects, as approved by bond counsel to be in compliance with tax regulations to maintain the tax-exempt and bank qualified status of the Bond.

In order to effectuate the purposes of this Lease Agreement, the County, as agent for the Authority, has made, executed, acknowledged and delivered, or caused to be made, executed, acknowledged and delivered, all contracts, orders, receipts, writings and instructions, in the name of the County or otherwise, with or to other persons, firms or corporations, and in general has done or caused to be done all such other things as may be requisite or proper for the leasing of the Leased Property or completion of the Project and fulfillment of the obligations of the County under this Lease Agreement.

**THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY THAT THE COUNTY WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT OR THE LEASED PROPERTY**, except that the Project and the Leased Property are each free from encumbrances done, made or knowingly suffered by the Authority or anyone claiming by, through or under it. The County recognizes that since the leasing of the Leased Property and completion of the Project has been and is being undertaken at the County's request and by contractors and suppliers selected by the County in accordance with plans and specifications prepared by architects or engineers selected by the County, **THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE COUNTY'S PURPOSE OR NEEDS OR THE EXTENT TO WHICH PROCEEDS DERIVED FROM**

**THE SALE OF THE BOND WILL PAY THE COST TO BE INCURRED IN CONNECTION THEREWITH.**

**Section 3.3 Default in Contractor's Performance.** In the event of default of any contractor or subcontractor under any construction contract in connection with the Project, the County will promptly proceed, either separately or in conjunction with others, to exhaust the remedies of the Authority or the County, as agent for the Authority, against the contractor or subcontractor in default and against each surety for the performance of such contractor. The County agrees to advise the Authority and the Bondholder, in writing, of the steps it intends to take in connection with any such default. The County may, in good faith and at the expense of the County in its own name or in the name of the Authority, by notice from the County to the Authority and the Bondholder, prosecute or defend any action or proceeding or take any other action involving such contractor, subcontractor or surety which the County deems reasonably necessary, and in such event the Authority hereby agrees to cooperate fully with the County. Any amounts recovered by way of damages, refunds, adjustments or otherwise, net of reasonable expenses related thereto, in connection with the foregoing shall be paid subject to any requirements of the Code, to the County, to reimburse the County for any costs it incurred in connection with the foregoing and then to the Bondholder for repayment of the Bond or any Additional Bonds or Additional Notes.

**ARTICLE IV.**  
**LEASE TERM; PAYMENT OF RENTALS;**  
**MAINTENANCE; INSURANCE; CERTIFICATION AND TAXES**

**Section 4.1 Lease Term.** The Lease Term shall commence on the date of execution hereof and, unless sooner terminated in accordance with the provisions hereof, shall terminate at the later of (a) 11:59 p.m. on May 1, 2028, or (b) if all payments required by this Lease Agreement or in respect of the Bond (including any Additional Bonds or Additional Notes) have not been made on such date, the date on which all such payments shall have been made.

**Section 4.2 Rental Payments.**

(a) The County shall pay the Basic Rent to the Bondholder on behalf of the Authority, subject to Section 4.5, as shown on **Exhibit A**. During the Lease Term, commencing on May 1, 2026, and each November 1 and May 1 thereafter during the Lease Term the County shall pay Basic Rent in the amount shown in the column "Payments" for the Bond on **Exhibit A** hereto as it may be amended on the date such Basic Rent is due and subject to adjustment upon a Determination of Taxability (as defined in the Bond). Each Basic Rent Payment, which shall include an interest component (under the column labeled "Interest," subject to adjustment as described in the preceding sentence), may include a principal component (under the column labeled "Principal") as set forth on **Exhibit A**, and shall be paid in lawful money of the United States of America. In the event the County fails to make any Basic Rent payments when due, interest on the principal component of such Basic Rent shall accrue from such date until paid at the rate per annum that will yield the amount necessary to pay interest due on the Bond on the date the late payment of Basic Rent is made. Interest components of Basic Rent may be adjusted as provided in the Bond.

(b) The County shall also pay when due any additional rent (“**Additional Rent**”) which shall include amounts under Section 4.2(b), Section 4.2(c), Section 4.3 and Section 6.6 hereunder, as applicable, and otherwise as required by any obligations or agreements made hereunder or in connection with the Bond Purchase Agreement, including but not limited to any amounts due to the United States of America as required by the arbitrage rebate requirements of Section 148 of the Code applicable to the Bond (the “**Rebate Amount**”) and any amounts due to a Determination of Taxability as set forth in the Bond. The County shall, if necessary, calculate and timely pay as Additional Rent the Rebate Amount, if any, in amounts required by Section 148 of the Code and regulations promulgated thereunder, and the County and the Authority covenant to comply with all applicable requirements in this regard. The obligations of the County to make the payments of Basic Rent and Additional Rent, if any, and to perform and observe the other obligations and agreements contained herein shall be absolute and unconditional except as provided in Section 4.5.

(c) If the County fails to make any payment of Basic Rent or Additional Rent within 7 days after the date on which such payment(s) is due and payable hereunder, the County shall pay a late payment charge equal to five percent (5.00%) of the overdue payment(s).

**Section 4.3 Prepayment of Rentals; Option to Purchase.** The County may, on or after May 1, 2026, on any payment date, at its option, elect by not less than 30 days’ notice to the Bondholder and the Authority, to make prepayments of the principal component of Basic Rent on the Bond, upon payment of interest components of Basic Rent accrued to the prepayment date and an amount equal to 100% of the outstanding principal Basic Rent component. Any such prepayments of principal components of Basic Rent paid plus interest accrued to the prepayment date and such prepayment penalty shall be considered as Additional Rent hereunder. Additional Bonds and Additional Notes may only be used if there is no Event of Default hereunder, and the Bondholder provides its prior written consent.

**Section 4.4 Additional Bonds and Additional Notes.** Subject to the Bondholder’s prior written consent, Additional Bonds and Additional Notes may be issued pursuant to a Supplemental Lease Agreement and shall be equally and ratably secured with the Bond without preference, priority or distinction; provided, however, that any moneys in any debt service reserve account that may be established shall secure only the applicable bond or note to which it applies, and provided further that any particular bonds or notes may have other security pledged to their payment.

**Section 4.5 Appropriations of Basic Rent and Additional Rent, if any; Declaration of Essentiality.** The Board of Supervisors reasonably believes that funds sufficient to make all payments of Basic Rent and Additional Rent during the term of this Lease Agreement can be obtained. While recognizing that it is not empowered to make any binding commitment to make payments of Basic Rent and Additional Rent, if any, beyond the current fiscal year, the Board of Supervisors in authorizing the execution of this Lease Agreement has stated its intent to make annual appropriations sufficient to make the payments of Basic Rent and Additional Rent, if any, and it has recommended that future Boards of Supervisors continue to do so during the term of this Lease Agreement.

The Board of Supervisors hereby declares the nature of the Leased Property essential to the efficient operation of the County. The Board of Supervisors anticipates that the need for the

Leased Property will not change during the term of this Lease Agreement. Notwithstanding anything in this Lease Agreement to the contrary, the County's obligations to pay the cost of performing its obligations under this Lease Agreement, including without limitation its obligations to pay all Basic Rent and Additional Rent, shall be subject to and dependent upon appropriations being made from time to time by the Board of Supervisors for such purpose; provided, however, that the County Administrator or other officer charged with the responsibility for preparing the County's annual budget shall include in the budget for each fiscal year the amount of the Basic Rent and Additional Rent, if any, due during such fiscal year. Throughout the Lease Term, the County Administrator shall deliver to the Bondholder and the Authority within ten days after the adoption of the budget for each fiscal year, but not later than July 10<sup>th</sup>, a certificate stating whether an amount equal to the Basic Rent and Additional Rent which will be due during the fiscal year beginning July 1<sup>st</sup> has been appropriated by the Board of Supervisors in such budget. If, by July 15, the Board of Supervisors has not appropriated Basic Rent for the then current Fiscal Year, the County Administrator shall give written notice to the Board of Supervisors of the consequences of such failure to appropriate, including the right of the Bondholder to terminate this Lease Agreement in accordance with Article VII.

**Section 4.6 Insurance.** The County shall continuously maintain insurance against such risks and in such amounts as are customary for public bodies owning similar projects, including without limitation:

- (a) public liability insurance to the extent of \$1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, operation or occupation of the Leased Property;
- (b) workers' compensation insurance with respect to the Leased Property;
- (c) coverage to the extent of the full replacement cost of the Leased Property against loss or damage by fire or lightning, with broad form extended coverage, including damage by windstorm, explosion, aircraft, smoke, sprinkler leakage, vandalism, malicious mischief and such other risks as are normally included within such coverage (limited only as may be provided in the standard form for such coverage at the time in use in the Commonwealth of Virginia), provided that during the period of construction of portions of the Leased Property, the County may provide or cause to be provided in lieu of the insurance set forth above builders' risk or similar type of insurance to the full replacement cost thereof minus site work not normally insured; and
- (d) comprehensive automobile liability insurance against liability for bodily injury, including death resulting therefrom, and for damage to property, including loss of use thereof, arising out of the ownership, maintenance or use of the Leased Property.

All such insurance shall be taken out and maintained with generally recognized responsible insurers selected by the County and acceptable to the Bondholder and may be written with deductible amounts comparable to those on similar policies carried by other public bodies owning and operating similar facilities. The Bondholder may request an increase of coverages on a reasonable basis. If any such insurance is not maintained with an insurer licensed to do business in Virginia or placed pursuant to the requirements of the Virginia Surplus Lines

Insurance Law Article, Chapter 7.1, Title 38.1, Code of Virginia of 1950, as amended, or any successor provision of law, the County shall provide evidence reasonably satisfactory to the Bondholder that such insurance is enforceable under the laws of the Commonwealth of Virginia. In each policy, other than policies of workers' compensation insurance, the Bondholder and the Authority shall be named as additional insureds to the extent their interests may appear. The policies of insurance required by subsection (c) above shall require that all Net Proceeds resulting from any claims be paid to the Bondholder, as loss payee and the County. The County hereby irrevocably assigns, transfers and sets over to the Bondholder all right, title and interest of the County, in such Net Proceeds; provided, however, if the Net Proceeds payable under any one claim shall not exceed \$250,000 and no event has occurred or is continuing that constitutes or that, by notice or lapse of time, or both, would constitute an Event of Default under this Lease Agreement, such Net Proceeds shall be paid to the County to be used for purposes set forth in Section 5.1(b)(1) or (2).

All such policies shall be deposited with the Bondholder, provided that in lieu of such policies there may be deposited with the Bondholder and the Authority a certificate or certificates of the respective insurers attesting to the fact that the insurance required by this Section is in full force and effect. Prior to the expiration of any such policy, the County shall furnish the Bondholder and the Authority evidence satisfactory to the Bondholder and the Authority that the policy has been renewed or replaced or is no longer required by this Lease Agreement. Unless a policy with such an undertaking is available only at a cost which the County, with the approval of the Bondholder, determines to be unreasonable, each policy shall contain an undertaking by the insurer (in form commercially reasonable for similar insurers) that such policy shall not be modified adversely to the interests of the Bondholder or the Authority or cancelled without at least 30 days' prior notice to the Bondholder and the Authority.

In lieu of policies of insurance written by commercial insurance companies meeting the requirements of this Section, the County may maintain a program of self-insurance or participate in group risk financing programs, risk pools, risk retention groups, purchasing groups and captive insurance companies, and in state or federal insurance programs; provided, however, that such alternative is reasonably acceptable to the Bondholder (based on a favorable written opinion of an independent insurance consultant having a favorable reputation for skill and experience in such work).

To the extent losses for any damage to the Leased Property, however caused, are paid from the Net Proceeds of any insurance required by this Section, no claim shall be made and no suit shall be brought against the County by the Bondholder or anyone else claiming by, through or under it.

**Section 4.7 Maintenance; Expenses of Maintenance; Taxes.** Subject to Sections 4.5, 5.1 and 5.2, the County shall maintain, preserve and keep the Leased Property, or cause the Leased Property, to be maintained, preserved and kept, in good condition. The County shall not abandon the Leased Property, during the Lease Term except pursuant to Section 7.1. Subject to Section 4.5, the County shall pay or cause to be paid, in addition to Additional Rent, all of the expenses of maintenance and operation of the Leased Property. The County shall pay or cause to be paid any and all taxes and assessments payable with respect to the Leased Property.

**Section 4.8 Net Lease.** This Lease Agreement shall be deemed and construed to be a net lease, and during the Lease Term, the County shall pay Basic Rent and Additional Rent, if any, free of all deductions, diminutions and set-offs, and without abatement for casualty, loss of title, condemnation or any other reason whatsoever.

**Section 4.9 Proof of Payment of Taxes, etc.** The County shall pay all and furnish the Bondholder or the Authority, upon request, proof of payment of any taxes, utility charges, insurance premiums, or other charges or payments required to be paid by the County under this Lease Agreement.

**Section 4.10 No Encumbrances.** The County shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, or the rights of the County and the Authority as herein provided, other than Permitted Encumbrances. Subject to Section 4.5, the County shall promptly and duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim not excepted above if the same shall arise at any time.

**Section 4.11 Installation of County's Own Furnishings and Equipment.** The County may from time to time, in its discretion and at its own expense, install furnishings and equipment at the Leased Property not financed with proceeds of the Bond. All furnishings and equipment so installed by the County shall remain property of the County in which neither the Authority nor the Bondholder shall have any interest and may be modified or removed at any time while the County is not in default under this Lease Agreement, except that all such furnishings and equipment shall be subject to a landlord's lien to the extent permitted under the laws of the Commonwealth of Virginia. Nothing contained in this Section shall prevent the County from purchasing furnishings and equipment and creating purchase money security interests therein pursuant to the Uniform Commercial Code of Virginia as security for the unpaid portion of the purchase price thereof, and each such security interest with respect to furnishings and equipment purchased by it under the provisions of this Section after the delivery of the Assignment Agreement shall, if appropriate financing statements are duly filed for record simultaneously with or prior to the installation of the Leased Property, or the furnishings and equipment covered thereby, be prior and superior to such landlord's lien. The County shall pay as due the purchase price of and all costs and expenses with respect to the acquisition and installation of any furnishings and equipment installed by it pursuant to this Section.

**Section 4.12 Transfer at End of Lease Term.** The Authority's leasehold estate in the Leased Property shall be transferred, conveyed and assigned to the County after payment by the County of all payments then due and thereafter to become due through and including, September 1, 2030 (or as may be extended under a Supplemental Lease Agreement), whether pursuant to Section 4.2 or 4.3, and Additional Rent, if any, subject to the taking of any actions required by law prior to such consequence, transfer or assignment.

**Section 4.13 Use of Proceeds.** Neither the County nor the Authority shall knowingly (a) take any action, or approve the making of any investment or use of the proceeds of the Bond (including failure to spend the same with due diligence) or taking any other action, which would cause the Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or (b) barring unforeseen circumstances, approve the use of the proceeds from the sale of the Bond

otherwise than in accordance with the Authority's "non-arbitrage" certificate given immediately prior to the issuance of the Bond.

**Section 4.14 Preservation of Tax-Exempt Status of Interest, Representation, Warranties and Covenants.**

(a) General. The County shall not sublease the Leased Property or the Project, or any portion thereof, to any entity other than the Commonwealth of Virginia, a city, a county or a town, or any agency or political subdivision thereof, without an opinion of Bond Counsel that such sublease or other availability would not adversely affect the status of the portion of the Basic Rent representing interest as provided in Section 4.2 for federal income tax purposes. The County shall send notice to the Bondholder and the Authority of any sublease of the Leased Property or the Project or any portion thereof within 30 days of entering into such sublease. The County and the Authority covenant that the Leased Property and the Project shall not be used in a manner that would permit the proceeds of the Bond to be used in any manner that would result in (a) 10% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, provided that no more than 5% of such proceeds may be used in a trade or business unrelated to the County's use of the Leased Property or the Project, (b) 5% or more of such proceeds being used with respect to any "output facility" (other than a facility for the furnishing of water), within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than governmental unit, as provided in Section 141(c) of the Code; provided, however, that if the County receives an opinion of nationally recognized bond counsel that any such covenants need not be complied with to prevent the interest on the Bond from being includable in the gross income for Federal income tax purposes of the registered owner thereof under existing law, the County and the Authority need not comply with such covenants. The County and the Authority covenant to utilize the proceeds of the Bond and the Leased Property in accordance with the covenants set forth in the Non-Arbitrage and Tax Certificate executed by the County and the Authority in connection with the issuance of the Bond.

(b) Incorporation of Tax and Non-Arbitrage Certificate. Lessee hereby makes each of the representations, warranties and covenants contained in the Tax and Non-Arbitrage Certificate delivered with respect to the Bond. By this reference each such Tax and Non-Arbitrage Certificate is incorporated in and made a part of this Lease Agreement.

**Section 4.15 Certification as to Environmental Liabilities.** To the extent permitted by law, the County agrees to defend, indemnify and save harmless the Authority and the Bondholder from and against any and all Environmental Liabilities to which the Authority or the Leased Property is or may become subject or which may be alleged or asserted against the Bondholder or the Authority.

**Section 4.16. Recording and Filing.** The County will, at its expense, record a counterpart of this Lease Agreement, the Ground Lease and the Assignment Agreement in the Office of the Clerk of the Circuit Court of Madison County, Virginia, on or before the date of delivery of the Bond or as otherwise directed by the Bondholder.

**Section 4.17. Subletting by County.**

(a) Subject to Section 4.14, the County may sublease space in the Leased Property without the consent of the Authority and the Bondholder; provided, however, that no sublease will be made if it would (i) have any adverse effect upon or affect or reduce the County's obligations under this Lease Agreement, (ii) be to a party that could not under the Act be the lessee from the Authority of all or any portion of the Leased Property, or (iii) be contrary to law. The County shall not transfer any interest in the Leased Property other than the interest described herein, without the written consent of the Bondholder, either voluntarily or by operation of law or otherwise.

(b) Before any sublease is made, the County will cause to be delivered to the Authority and the Bondholder an opinion of Bond Counsel that the use of such portion of the Leased Property by the sublessee will not cause the interest on the Bond to be included in gross income for purposes of federal income taxation.

(c) No sublease will relieve the County from primary liability for any of its obligations under this Lease Agreement, and the County will continue to remain primarily liable for the payment of Basic Rent and for the observance and performance of all of the County's other agreements under this Lease Agreement in accordance with, and subject to, its terms, including without limitation, the non-appropriation provisions hereof.

(d) Each sublessee pursuant to this Section will, to the extent of the interest subleased to it, in writing (i) assume and agree to perform the obligations of the County under this Lease Agreement and (ii) agree to attorn to the Authority and any other successor in interest to the Authority (whether pursuant to this Lease Agreement, the Assignment Agreement or otherwise).

(e) The County will promptly deliver executed counterparts of each sublease pursuant to this Section to the Authority and the Bondholder.

## **ARTICLE V. DAMAGE, DESTRUCTION OR CONDEMNATION**

### **Section 5.1    Damage or Destruction.**

(a) The County shall notify the Bondholder and the Authority immediately in the case of damage to or destruction from fire or other casualty of the Leased Property, or any portion thereof during the Lease Term in an amount that the County determines in good faith will cost more than \$100,000 to repair, reconstruct and restore. If the County determines in good faith that such cost will not exceed \$250,000, the County, shall (1) retain the Net Proceeds with respect to such damage or destruction, (2) forthwith repair, reconstruct and restore such portion of the Leased Property so damaged or destroyed to substantially the same condition as it had existed prior to the event causing such damage or destruction, and (3) apply Net Proceeds retained by it to the payment or reimbursement of the costs of such repair, reconstruction and restoration. If such Net Proceeds are not sufficient to pay in full the cost of such repair, reconstruction and restoration, the County shall, subject to Section 4.5, pay so much thereof as is in excess of such Net Proceeds.

(b) If the Leased Property, or any portion thereof is damaged or destroyed by fire or other casualty during the Lease Term and the County determines in good faith that the cost of repairing, reconstructing and restoring such damage or destruction will exceed \$250,000 then the County shall, upon the following conditions and within 90 days after the date such damage or destruction occurs, elect one of the following two options by giving notice of such election to the Bondholder and the Authority, and the Bondholder shall disburse such Net Proceeds in accordance with the option so elected:

(1) **Option A - Repair and Restoration.** The County may elect to repair, reconstruct and restore the Leased Property. If the County elects this Option A, then the County shall proceed forthwith to repair, reconstruct and restore the Leased Property to substantially the same condition as had existed prior to the event causing such damage or destruction, with such alterations and additions as the County may determine to be necessary or desirable and as will not impair the capacity or character of the Leased Property, for the purposes for which it had been used prior to such damage or destruction or is intended to be used. Upon any election of this Option A, the County and the Bondholder shall deposit all Net Proceeds held by it to such damage or destruction in a special account that shall be created by the Bondholder for the portion of the Leased Property as to which such Net Proceeds had been paid to the County. So long as the County is not in default under this Lease Agreement, the Bondholder, upon receipt of request of the County may apply so much as may be necessary of such Net Proceeds to payment of the cost of such repair, reconstruction and restoration, either on completion thereof or as the work progresses. If such Net Proceeds are not sufficient to pay in full the cost of such repair or reconstruction, the County shall pay, subject to Section 4.5, within 45 days of receipt of such Net Proceeds, so much of the cost thereof as may be in excess of such Net Proceeds to the Bondholder for deposit in a special account created by the Bondholder. The County shall not by reason of the payment of such excess cost be entitled to any (A) interest in the Leased Property which it did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder, or (C) abatement or diminution of Basic Rent or Additional Rent.

(2) **Option B - Prepayment of Basic Rent.** The County may elect to have such Net Proceeds applied to the prepayment of all of the principal component of Basic Rent, plus interest accrued to the date of prepayment set forth in Section 4.3, and after such election the Bondholder shall (upon receiving such Net Proceeds) redeem the Bond.

## **Section 5.2 Condemnation and Loss of Title.**

(a) In the case of a taking of all or any part of the Leased Property or any right therein under the exercise of the power of eminent domain or any loss of all or any part of the Leased Property because of loss of title thereto, or the commencement of any proceedings or negotiations which might result in such a taking or loss, the party upon whom notice of such taking is served or with whom such proceedings or negotiations are commenced or who learns of a loss of title shall give prompt notice to the other and to the Bondholder. Each such notice shall describe generally the nature and extent of such condemnation, taking, loss, proceedings or negotiations. All obligations of the County under this Lease Agreement (except obligations to pay Basic Rent when due) shall terminate as to the Leased Property or portion thereof as to which there is a loss of title or which is condemned or taken when such loss of title is finally adjudicated or when title thereto vests in the party condemning or taking the same, as the case may be (hereinafter referred to as the “**Termination Date**”). The County shall pay over to the

Bondholder (and hereby irrevocably assigns, transfers and sets over to the Bondholder) all right, title and interest of the County in and to any Net Proceeds payable as to any such loss of title, condemnation or taking during the Lease Term. The Bondholder shall hold such Net Proceeds in accordance with the Bond Purchase Agreement for disbursement or use by the County in accordance with the option so elected.

(b) In the event of any such loss of title, condemnation or taking, the County shall, upon the following conditions and within 90 days after the termination date therefor, elect either or both of the following two options by giving notice of such election to the Bondholder and the Authority:

(1) **Option A - Repairs, Restoration and Improvements.** The County may elect to have the Net Proceeds as to such loss of title, condemnation or taking used to repair, restore or reconstruct the Leased Property as to which there has been a loss of title, condemnation or taking to substantially its condition prior to such loss of title, condemnation or taking. Upon any exercise of this Option A, the Bondholder and the County shall deposit any such Net Proceeds held by it in a special account that shall be created by the Bondholder for the Leased Property as to which such Net Proceeds had been paid to the Bondholder. So long as an Event of Default has not occurred and is not continuing, the Bondholder, upon receipt of request from the County shall apply so much as may be necessary of the Net Proceeds received by it on account of such loss of title, condemnation or taking to payment of such repair, reconstruction or restoration (either on completion thereof or as the work progresses). If such Net Proceeds are not sufficient to pay in full the cost of such restoration, the County shall pay, subject to Section 4.5, within 90 days of receipt of such Net Proceeds, so much of the cost thereof as may be in excess of such Net Proceeds to the Bondholder for deposit in a special account that shall be created by the Bondholder. The County shall not by reason of the payment of such excess cost be entitled to any (A) interest in the Leased Property which it did not possess prior to such payment, (B) reimbursement from the Authority or the Bondholder, or (C) abatement or diminution of the Basic Rent or additional rent, if any.

(2) **Option B - Prepayment of Basic Rent.** The County may elect to have the Net Proceeds payable as to any such loss of title, condemnation or taking applied to the prepayment of all of the principal component of Basic Rent, interest accrued to the date of prepayment as provided under Section 4.3 hereof, and, after such election, the Bondholder shall (upon receiving such Net Proceeds, to the extent and in the manner provided in the Bond Purchase Agreement and to the extent of such Net Proceeds) such Net Proceeds shall be used to redeem the Bond or portion thereof available to be redeemed by such Net Proceeds.

(c) The Authority and the Bondholder shall, at the expense of the County cooperate fully with the County in the contest of any prospective or pending condemnation proceedings or in any contest over title with respect to the Leased Property, or any part thereof and shall, to the extent they may lawfully do so, permit the County to litigate, at the expense of the County in any such proceeding in the name and behalf of the Authority. In no event shall the Authority settle, or consent to the settlement of, any prospective or pending condemnation proceedings, or proceedings as to title, with respect to the Leased Property or any part thereof without the consent of the County.

## ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES

### **Section 6.1 Events of Default.**

(a) The following shall be “events of default” under this Lease Agreement, and the terms “event of default” or “default” shall mean, whenever they are used in this Lease Agreement, any one or more of the following events:

(1) Failure of the County to pay when due any payment of Basic Rent or Additional Rent;

(2) Failure of the County to pay when due any payment due under this Lease Agreement, other than payments under Sections 4.2 and 4.3, or to observe and perform any covenant, condition or agreement on its part to be observed or performed, which failure shall continue for a period of 30 days after notice is given, or in the case of any such default that cannot with due diligence be cured within such 30 day period but can be cured within the succeeding 60 days after notice is given, failure of the County to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence; or

(3) Bankruptcy or insolvency of the County, the appointment of a receiver of the Leased Property or failure by the County to lift any execution or attachment on the Leased Property, or any portion thereof, which failure shall continue for a period of 60 days after written notice is given, or in the case of any such default that cannot with due diligence be cured within such 60 days period but can be cured within the succeeding 60 days, failure of the County to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence.

(b) The provisions of the foregoing subparagraph (a)(2) are subject to the limitation that if by reason of force majeure the County is unable in whole or in part to perform any of its covenants, conditions or agreements hereunder other than those set forth in Sections 4.2, 4.5, 4.6, 4.7, 4.9 and 4.10, the County shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall include without limitation acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the Commonwealth of Virginia or any political subdivision thereof or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the County as applicable. The County shall remedy with all reasonable dispatch the cause or causes preventing the County from carrying out its covenants, conditions and agreements, provided that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the County, and the County shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of any opposing party when such course is in the judgment of the County, not in its best interests.

(c) Notwithstanding anything contained in this Section to the contrary, failure by the County to pay when due any payment required to be made under this Lease Agreement or

failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease Agreement resulting from failure of the Board of Supervisors to appropriate moneys for such purposes, as described in Section 4.5, shall not constitute an event of default. Upon any such failure to appropriate, the provisions of Article VII shall be applicable.

**Section 6.2 Remedies.** Whenever any event of default shall have happened and is continuing, the Authority or the Bondholder, as assignee of the Authority may take any one or more of the following remedial steps, without further demand or notice: (a) declare the entire unpaid principal balance of Basic Rent due and thereafter to become due immediately due and payable; (b) reenter and take possession of any part or all of the Leased Property, with or without terminating this Lease Agreement, exclude the County from possession and sell or lease the County's leasehold estate in the Leased Property for the account of the County holding the County liable for all Basic Rent and other payments due up to the effective date of such sale or lease and for the difference between the purchase price, rent and other amounts paid by the purchaser or lessee pursuant to such sale or lease and the rents, interest calculated pursuant to subparagraph (a) above, and the Basic Rent and other amounts payable by the County hereunder; or (c) take whatever action at law or in equity may appear necessary or desirable to collect the Basic Rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the County under this Lease Agreement. In any of such cases, all rights and interests created or then existing in favor of the County as against the Authority hereunder shall cease and terminate, and the right to the possession of the Leased Property and all other rights acquired by the County hereunder shall revert to and revest in the Authority without any act of re-entry, or any other act of the Authority to be performed and without any right of the County of return, reclamation or compensation for moneys paid under this Lease Agreement as absolutely, fully and perfectly as if this Lease Agreement and such payments had never been made; and in case of such default all payments theretofore made on this Lease Agreement are to be retained by and belong to the Authority as the agreed and reasonable rent of the Leased Property up to the time of such default. Any amounts received by the Authority pursuant to the foregoing provisions shall be applied first to costs, then to any unpaid interest and then to repayment of principal, and upon payment in full of all amounts due such excess shall be deposited with the Bondholder and credited to the next required payment.

[Notwithstanding the above, the rights hereunder are subject to the obligation of the County under Section 15.2-1638 of the Code of Virginia of 1950, as amended, to provide courthouses with suitable space and facilities for the various courts and officials serving the County, a fireproof record room for the clerk, a jail, and, upon request, suitable offices for the Commonwealth Attorney.]

**Section 6.3 Reinstatement after Event of Default.** Notwithstanding the exercise by the Authority of any remedy granted by Section 6.2, unless the Authority shall have sold its leasehold estate in the Leased Property or shall have entered into an agreement providing for the re-letting of the Leased Property for at least one year, if the balance of the Basic Rent shall have been accelerated pursuant to Section 6.2(a) and all overdue Basic Rent, together with any interest thereon, and all Additional Rent shall have been paid, then the County's default under this Lease Agreement shall be waived without further action by the Authority. Upon such payment and waiver, this Lease Agreement shall be fully reinstated and all Basic Rent payments will be due and payable in accordance with Exhibit A, and the County shall be restored to the use,

occupancy and possession of the Leased Property; provided, however, if all or any part of the Leased Property have been re-let for less than one year, the County shall not be restored to the use, occupancy and possession thereof until the end of such lease.

**Section 6.4 No Remedy Exclusive.** No remedy conferred by this Lease Agreement upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof or acquiescence therein, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

**Section 6.5 No Additional Waiver Implied by One Waiver.** Failure by the Authority at any time to require performance by the County of any provision hereof shall in no way affect the Authority's right hereunder to enforce the same, nor shall any waiver by the Authority of any breach of any provision hereof be held to be a waiver of any succeeding breach or any such provision, or as a waiver of the provision itself.

**Section 6.6 Attorney's Fees and Other Expenses.** The prevailing party shall be entitled to reasonable fees of attorneys and other reasonable expenses in any action involved in the enforcement of any obligations under this Lease Agreement.

## **ARTICLE VII. TERMINATION OF LEASE**

**Section 7.1 Right to Terminate.** If as a result of failure of the Board of Supervisors to appropriate moneys for such purposes, any payments of Basic Rent or Additional Rent are not made when due, either party hereto or the Bondholder as assignee of the Authority shall have the right to terminate this Lease Agreement by giving notice of the exercise of its rights pursuant to this Section to the other party and the Bondholder. If the Authority terminates this Lease Agreement, its notice to the County and the Bondholder shall specify a date not sooner than 30 days and not later than 90 days thereafter for such termination.

**Section 7.2 Rights upon Termination.** Upon termination of this Lease Agreement, the Authority may exclude the County from possession of the Leased Property and sell or lease the County's leasehold estate in the Leased Property, in the manner provided by and subject to Section 6.2(b) and the County must comply with its covenant contained therein.

**Section 7.3 Reinstatement after Termination.** Notwithstanding any termination of this Lease Agreement in accordance with Section 7.1, this Lease Agreement shall be fully reinstated, and the County shall be restored to the use, occupancy and possession of the Leased Property if the conditions set forth in Section 6.3 are satisfied.

## **ARTICLE VIII. ASSIGNMENT AGREEMENT; AND AMENDMENTS**

**Section 8.1 Assignment Agreement.** Simultaneously with the execution of this Lease Agreement, the Authority has entered into the Assignment Agreement with the Bondholder. The

County shall not be obligated to take any notice of any sale, assignment, pledge, mortgage, transfer or other disposition of any interest in this Lease Agreement by the Authority, unless such sale, assignment, pledge, mortgage, transfer or other disposition is undertaken in accordance with the Assignment Agreement.

**Section 8.2 Covenants of the County.** The County acknowledges and confirms all covenants and representations set forth with respect to the County in the Bond Purchase Agreement and agrees to comply with all other obligations imposed upon it therein.

**Section 8.3 Assignment.** Simultaneously with the execution of this Lease Agreement, the Authority has entered into the Assignment Agreement by which the Authority assigns all of its rights, title and interest in and to the Ground Lease and this Lease Agreement (except its rights to receive payment of its fees and expenses, to receive indemnification and to receive notices) to the Lender for its benefit as the Bondholder. The County hereby (a) consents to such assignments, (b) agrees to execute and deliver such further acknowledgments, agreements and other instruments as may be reasonably requested by the Authority or the Bondholder to effect such assignment, (c) agrees to make all payments due to the Authority under this Lease Agreement directly to the Bondholder (except for payment of its expenses), subject to Section 4.5, and (d) agrees to comply fully with the terms of such assignment so long as such assignment is not inconsistent with the provisions hereof. All references herein to the Authority shall include the Bondholder for its benefit as the holder of the Bond and its successors and assigns, whether or not specific reference is otherwise made to the Bondholder, unless the context requires otherwise.

Notwithstanding the foregoing, no such assignment or reassignment (other than pursuant to the Assignment Agreement) of any of the Authority's right, title or interest in this Lease Agreement or the Leased Property shall be effective unless and until the County shall have received a duplicate original counterpart of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee; provided, however, that if such assignment is made to a bank or trust company as paying or escrow agent for the holder of the Bond, it shall thereafter be sufficient that a copy of the trust instrument or agency agreement is no longer in effect. During the Lease Term, the County shall keep a complete and accurate record of all such assignments in form necessary to comply with Section 149(a) of the Code.

**Section 8.4 Amendments.** This Lease Agreement may not be amended or modified by the County and the Authority without the consent of the Bondholder. Furthermore, this Lease Agreement may be amended by the County and the Authority with the prior written consent of the Bondholder by any Supplemental Lease Agreement relating to the issuance of Additional Bonds or Additional Notes.

**Section 8.5 No Merger.** So long as any Basic Rent remains unpaid and unless the Bondholder otherwise consents in writing, the fee simple and the leasehold estates in and to the Leased Property shall not merge but shall always remain separate and distinct, notwithstanding the union of such estates by purchase or otherwise in the Authority, the Bondholder, the County, any lessee or any third party.

## ARTICLE IX. MISCELLANEOUS

**Section 9.1 Notices.** Unless otherwise provided in this Lease Agreement, all demands, notices, approvals, consents, requests, opinions and other communications under this Lease Agreement must be in writing and will be deemed to have been given when delivered in person, or by FedEx or other express courier service, or when mailed by registered or certified mail, postage prepaid, addressed (i) if to the Authority, c/o Madison County Administration Office, P.O. Box 705, Madison, Virginia 22727 (Attention: Chairman), (ii) if to the County, c/o Madison County Administration Office, P.O. Box 705, Madison, Virginia 22727 (Attention: County Administrator) and (iii) if to the Bondholder, at Webster Bank, National Association, 200 Elm Street, Stamford, Connecticut 06901 (Attn: Public Sector Finance – [publicfinance@websterbank.com](mailto:publicfinance@websterbank.com)). A duplicate copy of each demand, notice, approval, consent, request, opinion or other communication given under this Lease Agreement by either the Authority or the County to the other will also be given to the Bondholder. The Authority, the County and the Bondholder may, by notice given under this Lease Agreement, designate any additional or different addresses or persons to which subsequent demands, notices, approvals, consents, requests, opinions or other communications are to be sent.

**Section 9.2 Severability.** If any provision of this Lease Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

**Section 9.3 Amounts Remaining Under Bond Purchase Agreement.** It is agreed by the parties to this Lease Agreement that any amount with respect to the Bond remaining in any fund or account created under the Bond Purchase Agreement will, after payment of all amounts due from the County or the Authority pursuant to the Basic Agreements, belong to and be paid to the County.

**Section 9.4 Liability of Authority.** Notwithstanding any provision of the Bond or the Basic Agreements to the contrary, the obligations of the Authority under the Bond and the Basic Agreements are not general obligations of the Authority, but are limited obligations payable solely from payments of Basic Rent and Additional Rent, if any. No director or officer of the Authority shall be personally liable on the Authority's obligation hereunder. The Authority shall not be liable for the actions of the County, as its agent, or for any actions of the County under the Basic Agreements.

**Section 9.5 Successors and Assigns.** This Lease Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

**Section 9.6 Counterparts.** This Lease Agreement may be executed in any number of counterparts, each of which shall be an original, together shall constitute but one and the same Lease Agreement; except that as to delivery of the original executed copy of this Lease Agreement as required by the Assignment Agreement, the counterpart containing the receipt therefor executed by the Lender following the signatures to this Lease Agreement shall be the original.

**Section 9.7 Entire Agreement.** The Basic Agreements express the entire understanding and all agreements between the parties and may not be modified except in writing signed by the parties.

**Section 9.8 Governing Law.** This Lease Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

**IN WITNESS WHEREOF**, the parties have caused this Lease Agreement to be duly executed as of the date first above written.

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA**

By: \_\_\_\_\_  
Chair

COMMONWEALTH OF VIRGINIA )  
At Large )

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this \_\_\_\_\_ day of September, 2025, by \_\_\_\_\_, Chair of the Industrial Development Authority of Madison County, Virginia.

My commission expires: \_\_\_\_\_.

My Notary Registration number is: \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**COUNTY OF MADISON, VIRGINIA**

By: \_\_\_\_\_  
Chair, Board of Supervisors

COMMONWEALTH OF VIRGINIA )  
At Large )

The foregoing instrument was acknowledged before me in the County of Madison, Virginia, this \_\_\_\_\_ day of September, 2025, by \_\_\_\_\_, Chair of the Board of Supervisors of the County of Madison, Virginia.

My commission expires: \_\_\_\_\_.

My Notary Registration number is: \_\_\_\_\_.

\_\_\_\_\_ Notary Public

## **RECEIPT**

Receipt of the foregoing original counterpart of the Lease Agreement, dated as of September 1, 2025, between the Industrial Development Authority of Madison County, Virginia and the County of Madison, Virginia, is hereby acknowledged.

### **WEBSTER BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

Title: Senior Managing Director

**Exhibit A**  
**Schedule of Lease Payments**

- \* The interest rate hereunder is subject to adjustment upon a Determination of Taxability as defined in the Bond.

**Exhibit B**

**Property Description**

**County Administration Facilities as hereinafter described:**

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Exhibit A - Schedule of Basic Rent Payments

Exhibit B - Legal Description

## UNITED STATES OF AMERICA

## COMMONWEALTH OF VIRGINIA

INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA**\$4,160,000 Lease Revenue Bond, Series 2025**INTEREST RATE

3.91%

MATURITY DATE

May 1, 2028

DATED DATE

September \_\_, 2025

**REGISTERED OWNER: WEBSTER BANK, NATIONAL ASSOCIATION****PRINCIPAL AMOUNT: TWO MILLION AND 00/100 DOLLARS (\$4,160,000.00)**

The INDUSTRIAL DEVELOPMENT AUTHORITY OF MADISON COUNTY, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the "Authority"), for value received hereby promises to pay, solely from the sources hereinafter provided, to the registered owner hereof, or registered assigns or legal representative, the principal sum stated above payable in annual installments on the dates and in the amounts set forth in **Schedule A** attached hereto, subject to prepayment as hereinafter provided, and to pay, solely from the sources hereinafter provided, interest hereon from the date of this Bond semi-annually on each May 1 and November 1, beginning May 1, 2026 at the interest rate per annum stated above. The interest rate shall be subject to adjustment upon a Determination of Taxability (as defined below). Principal is payable [in annual installments on each May 1, commencing May 1, 2026,] through and including the maturity date stated above. The principal of and premium, if any, and interest on this Bond are payable by check or draft mailed or delivered to, or in any manner credited to the account of, the registered owner set forth above, its successors or registered assigns (the "Bondholder") at the address of the Bondholder as it appears on the registration books kept by the Secretary of the Authority as registrar (the "Registrar") or by wire transfer or other form of electronic payment in accordance with written instructions provided by the Bondholder to the Registrar. Interest shall be computed on the basis of a year of 360 days and twelve 30-day months. Principal, premium, if any, and interest are payable in lawful money of the United States of America. The final payment due hereunder in the amount of the principal outstanding on this Bond and interest hereon at the interest rate set forth above is due and payable in full on the Maturity Date. If the date of any payment due hereunder is not a Business Day (as hereinafter defined) then such payment shall be due on the next following Business Day. Business Day shall mean any day other than (1) a Saturday or Sunday or (2) a day on which commercial banks in the Commonwealth are authorized to close.

Upon a Determination of Taxability (as defined below), the interest rate on this Bond shall be automatically adjusted to the Taxable Rate (as defined below) from the Date of Taxability (as defined below). For purposes of this Bond, the following terms have the following meanings:

“Date of Taxability” means the earliest date as of which interest on this Bond shall have been determined to be includable in the gross income of the Bondholder pursuant to a Determination of Taxability.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on that date when the Authority files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability (as defined below) shall have in fact occurred;

(ii) on the date when the Bondholder notifies the Authority that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that an Event of Taxability (as defined below) has occurred unless, within 180 days after receipt by the Authority of such notification from such Bondholder, the Authority shall deliver to the Bondholder (A) a ruling or determination letter issued to or on behalf of the Authority by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax-exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the Authority shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings by the Authority, or upon any review or audit of the Authority or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on that date when the Authority shall receive notice from the Bondholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Bondholder the interest on this Bond due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) above unless the County of Madison, Virginia (**the “County”**) or the Authority have been

afforded the opportunity, at the sole expense of the County, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Bondholder, the Authority shall immediately reimburse such Bondholder for any payments such Bondholder shall be obligated to make as a result of the Determination of Taxability during any such contest.

"Event of Taxability" means the taking of any action by the County, or the failure to take any action by the County, or the making by the County of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of this Bond which has the effect of causing interest paid or payable on this Bond to become includable, in whole or in part, in the gross income of the Bondholder for federal income tax purposes.

"Taxable Rate" means the interest rate per annum that shall provide the Bondholder with the same after tax yield that the Bondholder would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Bondholder as a result of such Determination of Taxability. The Bondholder shall provide the Authority with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Authority.

This Bond is issued pursuant to the Virginia Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (**the "Act"**), and in accordance with the terms of a Bond Purchase Agreement, dated as of September 1, 2025 (**the "Bond Purchase Agreement"**) among the County, the Authority and Webster Bank, National Association (**in such capacity, the "Lender"**). This Bond is secured by an Assignment Agreement, dated as of September 1, 2025 (**the "Assignment Agreement"**) between the Authority and the Lender for the purposes of financing various County and School Board capital projects, including, but not limited to, County and school facility renovations, school buses and County vehicles (**the "Project"**) and to pay certain costs and expenses incurred in connection with the issuance of this Bond.

Certain property securing this Bond (**the "Leased Property"**) has been leased to the Authority pursuant to a Ground Lease, dated as of September 1, 2025 (**the "Ground Lease"**), between the Authority and the County, and, in turn, the Leased Property has been leased by the Authority to the County pursuant to a Lease Agreement, dated as of September 1, 2025 (**the "Lease Agreement"**), between the Authority and the County, wherein the County has agreed to pay Basic Rent and Additional Rent (each as defined in the Lease Agreement), if any, to the Authority. The Authority has assigned to the Lender in the Assignment Agreement its right to receive all Basic Rent and Additional Rent and certain other rights under the Lease Agreement. Reference is made to the Bond Purchase Agreement, the Assignment Agreement, the Ground Lease and the Lease Agreement for a description of, among other things, the nature and extent of the security, the rights, duties and obligations of the County, the Authority and the Lender and the terms on which this Bond is issued.

**The obligation of the County to make payments under the Lease Agreement does not constitute a debt of the County within the meaning of any constitutional or statutory limitation nor a liability of or a lien or charge upon funds or property of the County beyond any fiscal year for which the Board of Supervisors has appropriated moneys to make such payments. The County has covenanted in the Lease Agreement that the County Administrator shall include in the County's annual budget the amount of payments under such Lease Agreement, but the Board of Supervisors is not obligated to make appropriations for such purpose. The Authority shall not have any obligation or liability to the Bondholder hereof with respect to the County's obligations to make payments under the Lease Agreement or with respect to the performance by the County of any other covenant contained therein.**

The Bond is subject to optional prepayment prior to maturity at the option of the County on May 1, 2026, or any interest payment date thereafter, in whole but not in part, upon thirty (30) business days' prior written notice to the Bondholder, upon payment of interest accrued to the prepayment date plus 100% of the amount prepaid.

THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON ARE LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE REVENUES AND RECEIPTS DERIVED BY THE AUTHORITY UNDER THE LEASE AGREEMENT, AS HEREINAFTER DEFINED, WHICH REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO SECURE PAYMENT HEREOF. THIS BOND AND THE PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY AND THE AUTHORITY. NEITHER THE COMMONWEALTH OF VIRGINIA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT HERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED AND ASSIGNED THEREFOR, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF VIRGINIA, NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND OR OTHER COSTS INCIDENT HERETO. THE AUTHORITY HAS NO TAXING POWER.

NO COVENANT, CONDITION OR AGREEMENT CONTAINED HEREIN SHALL BE DEEMED TO BE A COVENANT, AGREEMENT OR OBLIGATION OF ANY PRESENT OR FUTURE DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE AUTHORITY IN HIS INDIVIDUAL CAPACITY, AND NEITHER THE CHAIRMAN OF THE AUTHORITY NOR ANY OFFICER THEREOF EXECUTING THIS BOND SHALL BE LIABLE PERSONALLY ON THIS BOND OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE HEREOF.

The Bondholder shall not be required to present or surrender this Bond as a condition of receiving any payment due hereunder, except for the final installment of principal payable on the Maturity Date.

The Bondholder reserves the right to assign, transfer or convey this Bond or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the Authority, unless and until the Bondholder has delivered to the Authority and the County written notice thereof that discloses the name and address of the assignee and such assignment, transfer or conveyance shall be made only to (i) an affiliate of the Bondholder or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing in this Bond shall limit the right of the Bondholder or its assignees to sell or assign participation interests in this Bond to one or more entities listed in (i) or (ii). Any such assignment, transfer or conveyance as described in this paragraph shall comply with all applicable laws.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

*[Signature Page to Follow]*

**IN WITNESS WHEREOF**, the Industrial Development Authority of Madison County, Virginia has caused this Bond to be signed by the manual signature of its Chairman or Vice Chairman, its seal to be impressed hereon and attested by the manual signature of its Secretary or its Assistant Secretary, and this Bond to be dated September \_\_, 2025.

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF MADISON COUNTY, VIRGINIA**

By: \_\_\_\_\_ (SEAL)  
Chair

Attest:

---

Secretary

## ASSIGNMENT

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

---

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF TRANSFeree)

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER TAX  
IDENTIFICATION NUMBER OF ASSIGNEE: [\_\_\_\_\_]

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

**DATED:** \_\_\_\_\_

Holder and Assignor

## **SCHEDULE A**

\* The interest rate hereunder is subject to adjustment upon a Determination of Taxability as defined in the Bond.