

**STORMWATER LOCAL ASSISTANCE FUND
GRANT AGREEMENT
SLAF Grant No.: 16-07**

THIS AGREEMENT is made as of this ____ day of _____, by and between the Virginia Department of Environmental Quality (the "Department"), and City of Hampton (the "Grantee").

Pursuant to Item 360 in Chapter 860 of the 2013 Acts of Assembly (the Commonwealth's 2013-14 Budget) (the "Act"), the General Assembly created the Stormwater Local Assistance Fund (the "Fund"). The Department is authorized pursuant to Section 62.1-44.15:29.1 of the Code of Virginia to provide matching grants to local governments for the planning, design, and implementation of stormwater best management practices that address cost efficiency and commitments related to reducing water quality pollutant loads.

The Grantee has been approved by the Department to receive a Grant from the Fund subject to the terms and conditions herein to finance fifty percent (50%) of the cost of the Eligible Project, which consists of the planning, design and implementation of best management practices for stormwater control as described herein. The Grantee will use the Grant to finance that portion of the Eligible Project Costs not being paid for from other sources as set forth in the Total Project Budget in Exhibit B to this Agreement. Such other sources may include, but are not limited to, the Virginia Water Facilities Revolving Fund, Chapter 22, Title 62.1 of the Code of Virginia (1950), as amended.

This Agreement provides for payment of the Grant, design and construction of the Eligible Project, and development and implementation by the Grantee of provisions for the long-term responsibility and maintenance of the stormwater management facilities and other techniques installed under the Eligible Project. This Agreement is supplemental to the State Water Control Law, Chapter 3.1, Title 62.1 of the Code of Virginia (1950), as amended, and it does not limit in any way the other water quality restoration, protection and enhancement, or enforcement authority of the State Water Control Board (the "Board") or the Department.

**ARTICLE I
DEFINITIONS**

1. The capitalized terms contained in this Agreement shall have the meanings set forth below unless the context requires otherwise:

(a) "Agreement" means this Stormwater Local Assistance Fund Grant Agreement between the Department and the Grantee, together with any amendments or supplements hereto.

(b) "Authorized Representative" means any member, official or employee of the Grantee authorized by resolution, ordinance or other official act of the governing body of the Grantee to perform the act or sign the document in question.

(c) "Capital Expenditure" means any cost of a type that is properly chargeable to a capital account (or would be so chargeable with (or but for) a proper election or the application of the definition of "placed in service" under Treasury Regulation Section 1.150-2(c)) under general federal income tax principles, determined at the time the expenditure is paid.

(d) “Eligible Project” means all grant eligible items of the particular stormwater project described in Exhibit A to this Agreement to be designed and constructed by the Grantee with, among other monies, the Grant, with such changes thereto as may be approved in writing by the Department and the Grantee.

(e) “Eligible Project Costs” means costs of the individual items comprising the Eligible Project as permitted by the Act with such changes thereto as may be approved in writing by the Department and the Grantee. All Eligible Project Costs shall be Capital Expenditures and no Eligible Project Costs shall be Working Capital Expenditures.

(f) “Extraordinary Conditions” means unforeseeable or exceptional conditions resulting from causes beyond the reasonable control of the Grantee such as, but not limited to fires, floods, strikes, acts of God, and acts of third parties that singly or in combination cause material breach of this Agreement.

(g) “Grant” means the particular grant described in Section 4.0 of this Agreement, with such changes thereto as may be approved in writing by the Department and the Grantee.

(h) “Total Eligible Project Budget” means the sum of the Eligible Project Costs as set forth in Exhibit B to this Agreement, with such changes thereto as may be approved in writing by the Department and the Grantee.

(i) “Total Project Budget” means the sum of the Eligible Project Costs (with such changes thereto as may be approved in writing by the Department and the Grantee) plus any ineligible costs that are solely the responsibility of the Grantee, as set forth in Exhibit B to this Agreement.

(j) “Project Engineer” means the Grantee’s engineer who must be a licensed professional engineer registered to do business in Virginia and designated by the Grantee as the Grantee’s engineer for the Eligible Project in a written notice to the Department.

(k) “Project Schedule” means the schedule for the Eligible Project as set forth in Exhibit C to this Agreement, with such changes thereto as may be approved in writing by the Department and the Grantee. The Project Schedule assumes timely approval of adequate plans and specifications and timely reimbursement in accordance with this Agreement by the Department.

(l) “Working Capital Expenditure” means any cost that is not a Capital Expenditure. Generally, current operating expenses are Working Capital Expenditures.

(m) “VPBA” means the Virginia Public Building Authority, a political subdivision of the Commonwealth of Virginia.

(n) “VPBA Bonds” means (i) the Virginia Public Building Authority Public Facilities Revenue Bonds, Series 2013A, which were issued by VPBA on February 21, 2013, (ii) any other bonds issued by VPBA, the proceeds of which are used in whole or in part to provide funds for the making of the Grant, and (iii) any refunding bonds related thereto.

ARTICLE II
SCOPE OF PROJECT

2. The Grantee will cause the Eligible Project to be designed, constructed and placed in operation as described in Exhibit A to this Agreement.

ARTICLE III
SCHEDULE

3. The Grantee will cause the Eligible Project to be designed, constructed and placed in operation in accordance with the Project Schedule in Exhibit C to this Agreement.

ARTICLE IV
COMPENSATION

4.0. Grant Amount. The total Grant award from the Fund under this Agreement is up to **\$486,750.00** and represents the Commonwealth's fifty percent (50%) share of the Total Eligible Project Budget. Any material changes made to the Eligible Project after execution of this Agreement, which alters the Total Eligible Project Budget, will be submitted to the Department for review of grant eligibility. The amount of the Grant award set forth herein may be modified from time to time by agreement of the parties to reflect changes to the Eligible Project or the Total Eligible Project Budget.

4.1. Payment of Grant. Disbursement of the Grant will be in accordance with the payment provisions set forth in Section 4.2 herein and the eligibility determinations made in the Total Project Budget (Exhibit B).

4.2. Disbursement of Grant Funds. The Department will disburse the Grant to the Grantee not more frequently than once each calendar month for approved eligible reimbursement of a minimum of one thousand (\$1,000.00) dollars, excluding the final payment, upon receipt by the Department of the following:

(a) A requisition for approval by the Department, signed by the Authorized Representative and containing all receipts, vouchers, statements, invoices or other evidence that costs in the Total Eligible Project Budget, including the applicable local share for the portion of the Eligible Project covered by such requisition, have been incurred or expended and all other information called for by, and otherwise being in the form of, Exhibit D to this Agreement.

(b) If any requisition includes an item for payment for labor or to contractors, builders or material men, a certificate, signed by the Project Engineer, stating that such work was actually performed or such materials, supplies or equipment were actually furnished or installed in or about the construction of the Eligible Project.

Upon receipt of each such requisition and accompanying certificate(s) and schedule(s), the Department shall request disbursement of the Grant to the Grantee in accordance with such requisition to the extent approved by the Department.

Except as may otherwise be approved by the Department, disbursements shall be held at ninety-five percent (95%) of the total Grant amount to ensure satisfactory completion of the Eligible Project. Satisfactory completion includes the submittal to the Department the Responsibilities & Maintenance

Plan required by Section 5.1 herein. Upon receipt from the Grantee of the certificate specified in Section 4.5 and a final requisition detailing all retainage to which the Grantee is then entitled, the Department, subject to the provisions of this section and Section 4.3 herein, shall request disbursement to the Grantee of the final payment from the Grant.

4.3 Application of Grant Funds. The Grantee agrees to apply the Grant solely and exclusively to the reimbursement of Eligible Project Costs. The Grantee represents and warrants that the average reasonably expected economic life of the assets to be financed with the Grant is set forth in Exhibit E attached hereto.

4.4. Agreement to Complete Project. The Grantee agrees to cause the Eligible Project to be designed and constructed, as described in Exhibit A to this Agreement, and in accordance with (i) the schedule in Exhibit C to this Agreement and (ii) plans and specifications prepared by the Project Engineer and approved by the Department.

4.5 Notice of Substantial Completion. When the Eligible Project has been completed, the Grantee shall promptly deliver to the Department a certificate signed by the Authorized Representative and by the Project Engineer stating (i) that the Eligible Project has been completed substantially in accordance with the approved plans and specifications and addenda thereto, and in substantial compliance with all material applicable laws, ordinances, rules, and regulations; (ii) the date of such completion; (iii) that all certificates of occupancy and operation necessary for start-up for the Eligible Project have been issued or obtained; and (iv) the amount, if any, to be released for payment of the final Eligible Project Costs.

4.6 Source of Grant Funds; Reliance. The Grantee represents that it understands that the Grant funds are derived from the proceeds of the VPBA Bonds, the interest on which must remain excludible from gross income for federal income tax purposes (that is, "tax- exempt") pursuant to contractual covenants made by VPBA for the benefit of the owners of the VPBA Bonds. The Grantee further represents that (a) the undersigned Authorized Representative of the Grantee has been informed of the purpose and scope of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended, as they relate to the VPBA Bonds and the Grant, and (b) the representations and warranties contained in this Agreement can be relied on by VPBA and bond counsel to VPBA in executing certain documents and rendering certain opinions in connection with the VPBA Bonds.

ARTICLE V

RESPONSIBILITIES AND MAINTENANCE PLAN

5.0 Plan Submittal. No later than thirty (30) days from the date of the Notice of Substantial Completion, the Grantee shall submit to the Department a Responsibilities and Maintenance Plan for the Eligible Project.

5.1 Plan Elements. The plan required by Section 5.0 shall include a description of the project type, a recommended schedule of inspection and maintenance, and the identification of a person, persons or position within an organization responsible for administering and maintaining the plan for the useful service life of the installed facilities. If the Eligible Project includes construction on private property, the plan shall document the Grantee's right to access the Eligible Project for purposes of implementing the plan required by Section 5.0.

5.2 Recordation. Long-term responsibility and maintenance requirements for stormwater management facilities located on private property shall be set forth in an instrument recorded in the local land records and shall be consistent with 9VAC25-870-112 of the Virginia Stormwater Management Program (VSMP) Permit Regulations.

ARTICLE VI **MATERIAL BREACH**

6.0. Material Breach. Any failure or omission by the Grantee to perform its obligations under this Agreement, unless excused by the Department, is a material breach.

6.1. Notice of Material Breach. If at any time the Grantee determines that it is unable to perform its obligations under this Agreement, the Grantee shall promptly provide written notification to the Department. This notification shall include a statement of the reasons it is unable to perform, any actions to be taken to secure future performance and an estimate of the time necessary to do so.

6.2. Monetary Assessments for Breach. In case of Material Breach, Grant funds will be re-paid into the State Treasury and credited to the Fund. Within 90 days of receipt of written demand from the Department, the Grantee shall re-pay the Grant funds for the corresponding material breaches of this Agreement unless the Grantee asserts a defense pursuant to the requirements of Section 6.3 herein.

6.3 Extraordinary Conditions.

(a) The Grantee may assert and it shall be a defense to any action by the Department to collect Grant funds or otherwise secure performance of this Agreement that the alleged non-performance was due to Extraordinary Conditions, provided that the Grantee:

(1) takes reasonable measures to effect a cure or to minimize any non-performance with the Agreement, and

(2) provides written notification to the Department of the occurrence of Extraordinary Conditions, together with an explanation of the events or circumstances contributing to such Extraordinary Conditions, no later than 10 days after the discovery of the Extraordinary Conditions.

(b) If the Department disagrees that the events or circumstances described by the Grantee constitute Extraordinary Conditions, the Department must provide the Grantee with a written objection within sixty (60) days of Grantee's notice under paragraph 6.3(a)(2), together with an explanation of the basis for its objection.

6.4 Resolution and Remedy. If no resolution is reached by the parties, the Department may immediately bring an action in the Circuit Court of the City of Richmond to recover part or all of the Grant funds. In any such action, the Grantee shall have the burden of proving that the alleged noncompliance was due to Extraordinary Conditions. The Grantee agrees to venue to any such action in the Circuit Court of the City of Richmond, either north or south of the James River in the option of the Department.

6.5 Indemnification. To the extent permitted by law and subject to legally available funds, the Grantee shall indemnify and hold the Department, the Fund, VPBA and the owners of the VPBA

Bonds, and their respective members, directors, officers, employees, attorneys and agents (the "Indemnitees"), harmless against any and all liability, losses, damages, costs, expenses, penalties, taxes, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any misrepresentation, breach of warranty, noncompliance or default by or on behalf of the Grantee under this Agreement, including, without limitation, all claims or liability (including all claims of and liability to the Internal Revenue Service) resulting from, arising out of or in connection with the loss of the excludability from gross income of the interest on all or any portion of the VPBA Bonds that may be occasioned by any cause whatsoever pertaining to such misrepresentation, breach, noncompliance or default, such indemnification to include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by any of the Indemnitees in connection therewith. This paragraph shall not constitute an express or implied waiver of any applicable immunity afforded the Grantee.

ARTICLE VII

GENERAL PROVISIONS

7.0. Effect of the Agreement on Permits. This Agreement shall not be deemed to relieve the Grantee of its obligations to comply with the terms of its Virginia Pollutant Discharge Elimination System (VPDES) and/or Virginia Water Protection (VWP) permit(s) issued by the Board. This Agreement does not obviate the need to obtain, where required, any other State or Federal permit(s).

7.1. Disclaimer. Nothing in this Agreement shall be construed as authority for either party to make commitments which will bind the other party beyond the covenants contained herein.

7.2. Non-Waiver. No waiver by the Department of any one or more defaults by the Grantee in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults of whatever character.

7.3. Integration and Modification. This Agreement constitutes the entire Agreement between the Grantee and the Department. No alteration, amendment or modification of the provisions of this Agreement shall be effective unless reduced to writing, signed by both the parties and attached hereto. This Agreement may be modified by agreement of the parties for any purpose, provided that any significant modification to this Agreement must be preceded by public notice of such modification.

7.4. Collateral Agreements. Where there exists any inconsistency between this Agreement and other provisions of collateral contractual agreements which are made a part of this Agreement by reference, the provisions of this Agreement shall control.

7.5. Non-Discrimination. In the performance of this Agreement, the Grantee warrants that it will not discriminate against any employee, or other person, on account of race, color, sex, religious creed, ancestry, age, national origin or other non-job related factors. The Grantee agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.

7.6. Conflict of Interest. The Grantee warrants that it has fully complied with the Virginia Conflict of Interest Act as it may apply to this Agreement.

7.7. Applicable Laws. This Agreement shall be governed in all respects whether as to validity, construction, capacity, performance or otherwise, by the laws of the Commonwealth of Virginia.

The Grantee further agrees to comply with all laws and regulations applicable to the Grantee's performance of its obligations pursuant to this Agreement.

7.8. Records Availability. The Grantee agrees to maintain complete and accurate books and records of the Eligible Project Costs, and further, to retain all books, records, and other documents relative to this Agreement for three (3) years after final payment. The Department, its authorized agents, and/or State auditors will have full access to and the right to examine any of said materials during said period. Additionally, the Department and/or its representatives will have the right to access work sites during normal business hours, after reasonable notice to the Grantee, for the purpose of ensuring that the provisions of this Agreement are properly carried out.

7.9. Severability. Each paragraph and provision of this Agreement is severable from the entire Agreement; and if any provision is declared invalid, the remaining provisions shall nevertheless remain in effect.

7.10. Notices. All notices given hereunder shall be in writing and shall be sent by United States certified mail, return receipt requested, postage prepaid, and shall be deemed to have been received at the earliest of: (a) the date of actual receipt of such notice by the addressee, (b) the date of the actual delivery of the notice to the address of the addressee set forth below, or (c) five (5) days after the sender deposits it in the mail properly addressed. All notices required or permitted to be served upon either party hereunder shall be directed to:

Department: Virginia Department of Environmental Quality
Clean Water Financing and Assistance Program
P.O. Box 1105
Richmond, VA 23218
Attn: CWFAP Program Manager

Grantee: City of Hampton, Virginia
22 Lincoln Street
Hampton, Virginia 23669
Attn: Scott A. Smith, P.E., LS, CPWP
scott.smith@Hampton.gov

7.11. Successors and Assigns Bound. This Agreement shall extend to and be binding upon the parties hereto, and their respective legal representatives, successors and assigns.

7.12. Exhibits. All exhibits to this Agreement are incorporated herein by reference.

7.13. Termination. The Agreement shall terminate upon final reimbursement to the Grantee.

ARTICLE VIII **COUNTERPARTS**

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

ARTICLE IX
CREDIT GENERATION

9. Any land area generating stream or wetland mitigation credits from the Eligible Project is not eligible for the generation of any other environmental credits. Any project designs approved by the Department under the Grant may not meet the design requirements for approval from other State or Federal water programs. The Grantee is responsible for obtaining information on design and permit requirements for the type of environmental credit they are seeking.

WITNESS the following signatures, all duly authorized.

DEPARTMENT OF ENVIRONMENTAL QUALITY

By: _____

Its: _____

Date: _____

GRANTEE'S AUTHORIZED REPRESENTATIVE
CITY OF HAMPTON, VIRGINIA

By: _____

Its: _____

Date: _____

ATTEST:

City of Hampton Clerk or designee

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Hampton Deputy City Attorney

Hampton Director of Public Works/designee

EXHIBIT A

ELIGIBLE PROJECT DESCRIPTION

Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07

Project Description: Retrofit of Lynnhaven Lake to a Level 2 Wet Pond to include a new storm drain bypass line, construction of a sediment forebay, wetland bench, aeration units, box culvert and weir.

City of Hampton, Virginia

EXHIBIT B

TOTAL PROJECT BUDGET

Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07

The following budget reflects the estimated costs associated with eligible cost categories of the project.

Project Category / Project Name	Project Cost	SLAF Eligible	Grant %	Grant Amount
Design Engineering				
Lynnhaven Lake Retrofit	\$0.00	\$0.00	50.00%	\$0.00
Sub-Total	\$0.00	\$0.00		\$0.00
Construction				
Lynnhaven Lake Retrofit	\$2,103,941.00	\$973,500.00	50.00%	\$486,750.00
Sub-Total	\$2,103,941.00	\$973,500.00		\$486,750.00
Other				
Lynnhaven Lake Retrofit				
Contingency	\$129,800.00	\$0.00	50.00%	\$0.00
Sub-Total	\$129,800.00	\$0.00		\$0.00
TOTALS	\$2,233,741.00	\$973,500.00		\$486,750.00

City of Hampton, Virginia

EXHIBIT C

PROJECT SCHEDULE

Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07

The Grantee has proposed the following schedule of key activities/milestones as a planning tool which may be subject to change. Unless authorized by a grant modification, it is the responsibility of the Grantee to adhere to the anticipated schedule for the Eligible Project as follows:

Project Name	Project Description / Milestone	Schedule / Timeline	Note
Lynnhaven Lake Retrofit	Engineering Design	Complete	
	Construction Procurement	Complete	
	Construction	Under construction / 12 months	

City of Hampton, Virginia

EXHIBIT D

REQUISITION FOR REIMBURSEMENT
(To be on Grantee's Letterhead)

Department of Environmental Quality
Clean Water Financing and Assistance Program
P.O. Box 1105
Richmond, VA 23218
Attn.: CWFAP Program Manager

RE: Stormwater Local Assistance Fund Grant

SLAF Grant No.: 16-07

Dear Program Manager:

This requisition, Number _____, is submitted in connection with the referenced Grant Agreement, dated as of [*insert date of grant agreement*] between the Virginia Department of Environmental Quality and _____. Unless otherwise defined in this requisition, all capitalized terms used herein shall have the meaning set forth in Article I of the Grant Agreement. The undersigned Authorized Representative of the Grantee hereby requests disbursement of grant proceeds under the Grant Agreement in the amount of \$_____, for the purposes of payment of the Eligible Project Costs as set forth on Schedule I attached hereto.

Copies of invoices relating to the items for which payment is requested are attached.

The undersigned certifies that the amounts requested by this requisition will be applied solely and exclusively to the reimbursement of the Grantee for the payment of Eligible Project Costs that are Capital Expenditures.

This requisition includes (if applicable) an accompanying Certificate of the Project Engineer as to the performance of the work.

Sincerely,

(Authorized Representative of the Grantee)

Attachments

City of Hampton, Virginia

SCHEDULE 1
STORMWATER LOCAL ASSISTANCE FUND
FORM TO ACCOMPANY REQUEST FOR REIMBURSEMENT

REQUISITION # _____
 Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07 CERTIFYING SIGNATURE: _____ TITLE: _____

Cost Category	Total Project Budget	SLAF Eligible Project Budget	SLAF 50% Grant Budget	Eligible Expenditures This Period	Current Grant Payment	Previous Grant Payment	Total Grant Payments to Date	SLAF Grant Balance
Engineering								
Lynnhaven Lake Retrofit	\$0.00	\$0.00	\$0.00					
Sub-Total	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Construction								
Lynnhaven Lake Retrofit	\$2,103,941.00	\$973,500.00	\$486,750.00					
Sub-Total	\$2,103,941.00	\$973,500.00	\$486,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other								
Lynnhaven Lake Retrofit								
Contingency	\$129,800.00	\$0.00	\$0.00					
Sub-Total	\$129,800.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Totals	\$2,233,741.00	\$973,500.00	\$486,750.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Total Grant Amount: \$486,750.00
 Previous Disbursements: \$0.00
 This Request: \$0.00
 Grant Proceeds Remaining: \$486,750.00

City of Hampton, Virginia

CERTIFICATE OF THE PROJECT ENGINEER
FORM TO ACCOMPANY REQUEST FOR REIMBURSEMENT

Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07

This Certificate is submitted in connection with Requisition Number _____, dated _____, 20__, submitted by the _____ (the "Grantee") to the Virginia Department of Environmental Quality. Capitalized terms used herein shall have the same meanings set forth in Article I of the Grant Agreement referred to in the Requisition.

The undersigned Project Engineer for _____ hereby certifies that insofar as the amounts covered by this Requisition include payments for labor or to contractors, builders or material men, such work was actually performed or such materials, supplies, or equipment were actually furnished to or installed in the Eligible Project.

(Project Engineer)

(Date)

City of Hampton, Virginia

EXHIBIT E

DETERMINATION OF AVERAGE REASONABLY EXPECTED ECONOMIC LIFE OF PROJECT ASSETS

Grantee: City of Hampton, Virginia

SLAF Grant No.: 16-07

The Internal Revenue Code of 1986, as amended, limits the length of average maturity for certain tax-exempt bonds, such as the VPBA Bonds, to no more than 120% of the average reasonably expected economic life of the assets being financed with the proceeds of such bonds. This life is based on Revenue Procedure 62-21 as to buildings and Revenue Procedures 83-35 and 87-56 as to equipment and any other assets. In this Exhibit, the Grantee will certify as to the average reasonably expected economic life of the assets being financed by the Grant.

Please complete the attached chart as follows:

Step 1. Set forth in Column II the corresponding total cost of each type of asset to be financed with the Grant.

Step 2. Set forth in Column III the economic life of each type of asset listed in accordance with the following:

Land. Exclude the acquisition of any land financed with a portion of the Grant funds from the economic life calculation.

Land Improvements. Land improvements (i.e., depreciable improvements made directly to or added to land) include sidewalks, roads, canals, waterways, site drainage, stormwater retention basins, drainage facilities, sewers (excluding municipal sewers), wharves and docks, bridges, fences, landscaping, shrubbery and all other general site improvements, not directly related to the building. Buildings and structural components are specifically excluded. 20 years is the economic life for most stormwater projects.

Buildings. Forty years is the economic life for most buildings.

Equipment. Please select an Asset Depreciation Range (“ADR”) midpoint or class life for each item of equipment to be financed. The tables of asset guideline classes, asset guideline periods and asset depreciation ranges included in IRS Revenue Procedures 83-35 and 87-56 may be used for reference. To use the tables, you should first determine the asset guideline class in which each item of equipment falls. General business assets fall into classes 00.11 through 00.4 to the extent that a separate class is provided for them. Other assets, to the extent that a separate class is provided, fit into one or more of classes 01.1 through 80.0. Subsidiary assets (jigs, dies, molds, patterns, etc.) are in the same class as are the other major assets in an industry activity unless the subsidiary assets are classified separately for that industry. Each item of equipment should be classified according to the activity in which it is primarily used. If the equipment is not described in any asset guideline class, its estimated economic life must be determined on a case by case basis.

Contingency. Any amounts shown on the Project Budget as “contingency” should be assigned to the shortest-lived asset. For example, contingency for a stormwater project should likely be given an economic life of 20 years.

Step 3. Set forth in Column IV the date each asset is expected to be placed in service. An asset is first placed in service when it is first placed in a condition or state of readiness and available for a

City of Hampton, Virginia

specifically assigned function. For example, the placed in service date for a stormwater project is likely the project's expected completion date.

Step 4. Determine the adjusted economic life of the asset in Column V by adding the amount of time between February 21, 2013 (the earliest date upon which the VPBA Bonds were issued) and the specified placed in service date from Column IV. For example, if a stormwater project with an economic life of 20 years will be placed in service 2 years after February 21, 2013, then the adjusted economic life for such stormwater project should be 22.

Step 5. For Column VI, multiply the Total Costs Financed with the Grant from Column II by the Adjusted Economic Life from Column V for each type of asset.

Step 6. Total all the entries in Column II and in Column VI.

Step 7. Divide the total of Column VI by the total of Column II. The quotient is the average reasonable expected economic life of the assets to be financed with the Grant.

AVERAGE REASONABLY EXPECTED ECONOMIC LIFE OF PROJECT ASSETS

Column I	Column II	Column III	Column IV	Column V	Column VI
<u>Asset</u>	<u>Total Cost Financed with Grant</u>	<u>Economic Life</u>	<u>Date Asset Placed in Service</u>	<u>Adjusted Economic Life</u>	<u>Column II x Column V</u>
Land Improvements					
Building					
Equipment					
Contingency					
TOTAL	\$ <u> </u>				\$ <u> </u>

Average Reasonably Expected Economic Life: Total of Column VI ÷ Total of Column II =