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February ____, 2022

Town of Chincoteague
c/o Mr. Mike Tolbert, Town Manager
6150 Community Drive
Chincoteague, Virginia 23336

Hampton Roads Sanitation District
c/o Mr. Ted Henifin
1434 Air Rail Avenue
Virginia Beach, Virginia 23455

**RE: Chincoteague Wastewater Treatment Facility
Letter of Intent for Donation from Chincoteague Sunsets, L.L.C.**

Dear Mr. Henifin and Mr. Tolbert:

Hope you are well. As you know, I represent Chincoteague Sunsets, L.L.C., a Virginia limited liability company ("*Chincoteague Sunsets*") in various capacities, including with respect to its ownership of the private wastewater treatment plant located adjacent to the Sunset Bay Condos on Chincoteague Island, Virginia. This letter of intent is submitted to you as a memorandum of understanding between the parties that Chincoteague Sunsets, L.L.C. does intend to donate the real property and all wastewater treatment facilities (collectively, the "*Facilities*") to the Hampton Roads Sanitation District ("*HRSD*") at no cost to Chincoteague Sunsets, L.L.C., conditioned on the following obligations of the parties:

1. Express confirmation by the Town and HRSD that the donation of the Facilities to HRSD by Chincoteague Sunsets is a tax-deductible gift and that the appropriate donee party shall execute any and all substantiation gift receipts and acknowledgments, gifting agreements and issue any other confirmations desired by Chincoteague Sunsets or that may be required by the IRS to evidence the gift as tax deductible by Chincoteague Sunsets;
2. The Town of Chincoteague shall facilitate the transition, at its sole cost and expense, and fund any and all improvements to the Facilities required by HRSD;
3. HRSD to further upgrade and operate the plant to include additional unused capacity moving forward with the Town reimbursing HRSD the full cost for all work required to fully honor previously purchased capacity;
4. The Town will identify a limited sewer service area within the corporate limits;
5. Town will construct a collection system in the identified area; and

6. HRSD shall provide sewage treatment for this limited-service area up to the capacity of the permits, and the Town and HRSD shall honor all existing customers that currently are served by the Facility or have purchased EDUs as of the date immediately prior to the donation of the Facilities with service to those previously purchased EDUs that are not connected at the time of the donation to be provided as soon as plant capacity is available.

Chincoteague Sunsets is prepared to donate the Facilities as soon as possible upon the satisfaction of the conditions listed as #1, 2 and 6. Further, by execution below by all parties, Chincoteague Sunsets, the Town of Chincoteague and HRSD acknowledge that I have been asked to assist in drafting the documentation for the gifting of the Facilities and other documentation necessary for the gifting, including, but not limited to the drafting of easements and other deeds that may be necessary for the parties to carry out the transaction contemplated herein. The parties, by execution below, acknowledge that full and complete disclosure regarding such has occurred, that no adversarial relationship exists between them, and all do consent in writing for me to carry out such actions, waiving any conflict that has or may arise in the future related thereto. All parties acknowledge that I will have to withdraw from representation at such time that an issue or adversarial relationship arises between the parties.

Should the terms as presented herein be acceptable to you for the donation of the Facilities to HRSD by Chincoteague Sunsets, I do request that you please execute a copy and return to my attention as soon as possible. I look forward to working with each of you to carry out this transaction.

Sincerely,

John P. Custis, Esq.

cc: Mr. Todd Burbage, Chincoteague Sunsets, L.L.C.