

**EXHIBIT 1
HYPOTHETICAL EXAMPLE ILLUSTRATING IMPLEMENTATION OF PARAGRAPHS 4 AND 5
LOCAL GOVERNMENT SUPPORT AGREEMENT DATED _____, 2007**

Assume Authority prepares budget in April 2008 for FY 09 with the following operating revenues and expenditures (MOU Environmental not included):

Revenues		
Service Contribution Fees	1,300,000	
All Other Revenues	2,900,000	
Total Revenues		4,200,000
Expenditures		4,600,000
Net Operating Deficit		(400,000)

Note: Pursuant to Paragraph 5, upon adoption of above budget Authority would establish local government support payment schedule to fund operating deficit with equal quarterly payments due July 1, 2008, October 1, 2008, January 1, 2009, and April 1, 2009 as follows:

Local Government	Population	Quarterly Payments	Total of Four Payments
County of Albemarle	70%	70,000	280,000
City of Charlottesville	30%	30,000	120,000
			400,000

Assume after June 30, 2009 Authority determines actual non-environmental revenues and expenses for FY 09 on a budget basis (NOT full accrual accounting basis) as follows:

Revenues			
Service Contribution Fees:			
From County Origin	926,205		
From City Origin	334,322		
		1,260,527	
All Other Revenues		2,945,736	
Total Revenues			4,206,263
Expenditures			4,552,738
Net Operating Deficit			(346,475)

Note: Pursuant to Paragraph 4, a service contribution fee payment "true-up" is performed as follows:

Local Government	Population	Actual SCF receipts by jurisdiction	Allocation of total SCF receipts based on population	Difference: Column A - Column B
County of Albemarle	70%	926,205	882,369	43,836
City of Charlottesville	30%	334,322	378,158	(43,836)
			1,260,527	

Under this hypothetical "true-up", City would owe \$43,836 and County would be due equivalent amount.

Note: Pursuant to Paragraph 7, a local government (deficit) support payment "true-up" would be performed as follows based on an actual deficit of \$162,702 compared to a budgeted "true-up" of \$400,000

Local Government	Population	Support Payments Received	Support Payments Due Based on Actual Deficit	Difference: Column C - Column D
County of Albemarle	70%	280,000	242,533	37,468
City of Charlottesville	30%	120,000	103,943	16,058
			346,475	

Under this hypothetical "true-up", Authority would owe \$37,468 to County and \$16,058 to City. Combining both "true-ups", the Authority would owe the County \$81,304, which could be a direct reimbursement, or a credit against future County payments to Authority until settled. Combining both "true-ups", the City would owe the Authority \$27,778 to be paid to Authority by the date of the next quarterly due date for funding of FY10 operating deficit.