Supporting Information
Proposed 1% Local Option Sales Tax for School Construction

City of Richmond, Virginia

July 27, 2026

Member NYSE | FINRA | SIPC

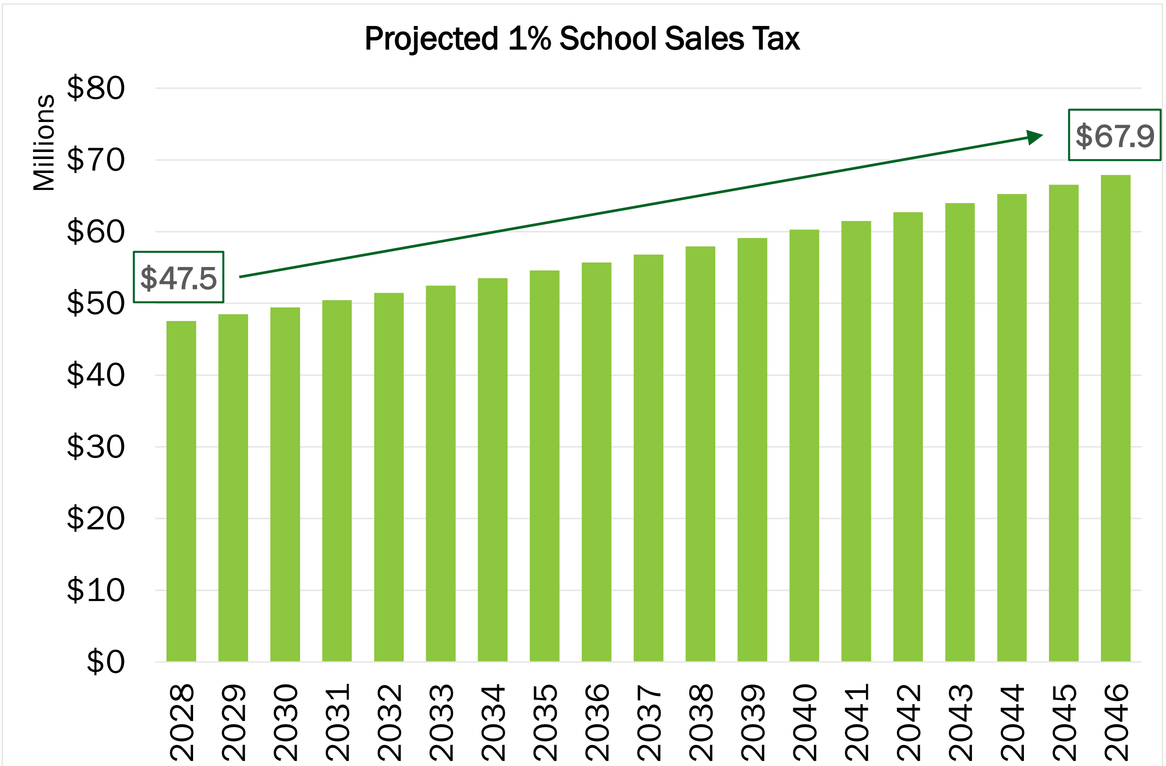
The Opportunity | 1% Local Option Sales Tax for School Investment

- The New School Sales Tax is up to 1% on total sales within the City, excluding food purchased for human consumption or essential personal hygiene products as defined in the Code of Virginia.

- Key attributes of the New School Sales Tax:
  - Estimated to generate approximately $47 million in year 1 (FY 2028, if enacted);
  - Based on the Legislation, the revenue stream will last approximately 19 years (through FY 2046);
  - Revenues will grow based on general inflation and economic activity (conservative historic growth trend approximates 3%);
  - The New School Sales Tax cannot be used to repay any existing debt or school construction or improvements that have already begun;
  - Provides dedicated revenue stream for School construction and renovation;
  - Can be used to pay for new debt service;
  - Collected by the Commonwealth and remitted to the City;
  - Must be maintained in a dedicated fund, the earnings on which are to also be dedicated to School construction and renovation.

The Dollars | 1% Local Option Sales Tax for School Investment

- The graph below shows the projected 1% School Sales Tax dollars assuming collection begins in FY 2028.



- Assuming a conservative 2% growth rate, the total 1% School Sales Tax generated totals nearly $1.1 Billion over 19 years.

Dollars & Timing | Comparison of School Investment with 1%

- Current Plan (Phases III and IV) versus Amended Plan with 1% Local School Sales Tax.

Fiscal Year	Before Current Funding Plan (Phases III & IV)	After Amended Plan with 1% Sales Tax
2028	$ -	$ 212.5
2029	200.0	-
2030	-	212.5
2031	-	-
2032	-	212.5
2033	-	-
2034	250.0	212.5
Total	**$ 450.0**	**$ 850.0**

Amounts in $millions.

Potential Results | 1% Local Option Sales Tax for School Investment

- The 1% School Sales Tax can fund approximately $850 million of School Construction and Renovation Projects over the next decade.

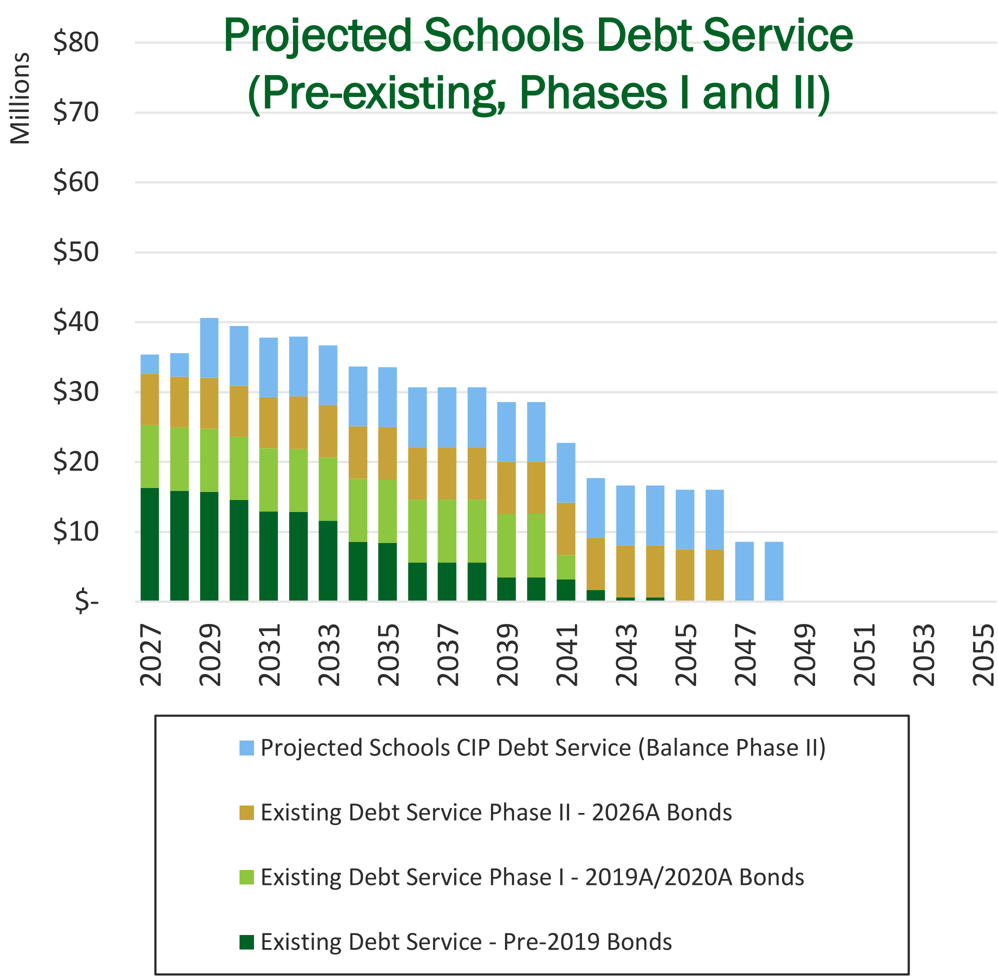
- It provides about $400 million of additional funding for Schools versus the Current Plan.

- Funding is accelerated – monies for School Construction and Renovation are available twice as fast as the Current Plan.

- It does not rely on future General Fund Revenue growth for School Capital Investment.

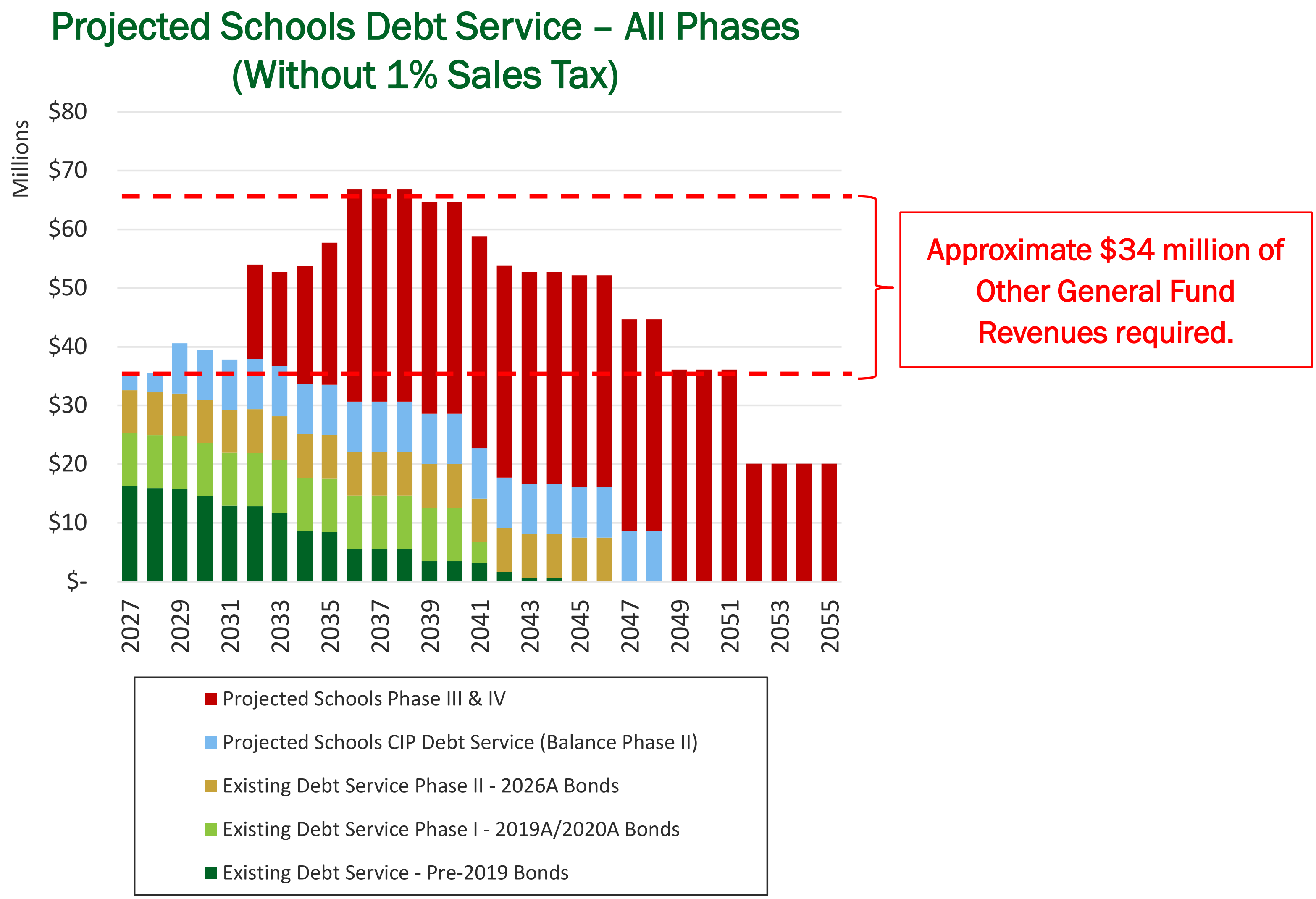
Debt Service Projections | Needed revenue for current school program

- Schools Debt Service includes Existing pre-2019 bond funded projects (supported by general fund); Existing Phase I 2019A/2020A Bonds (supported by meals tax RPS special reserve), Phase II Existing 2026A and projected future bonds (supported by a small portion of meals tax RPS special reserve and general fund).



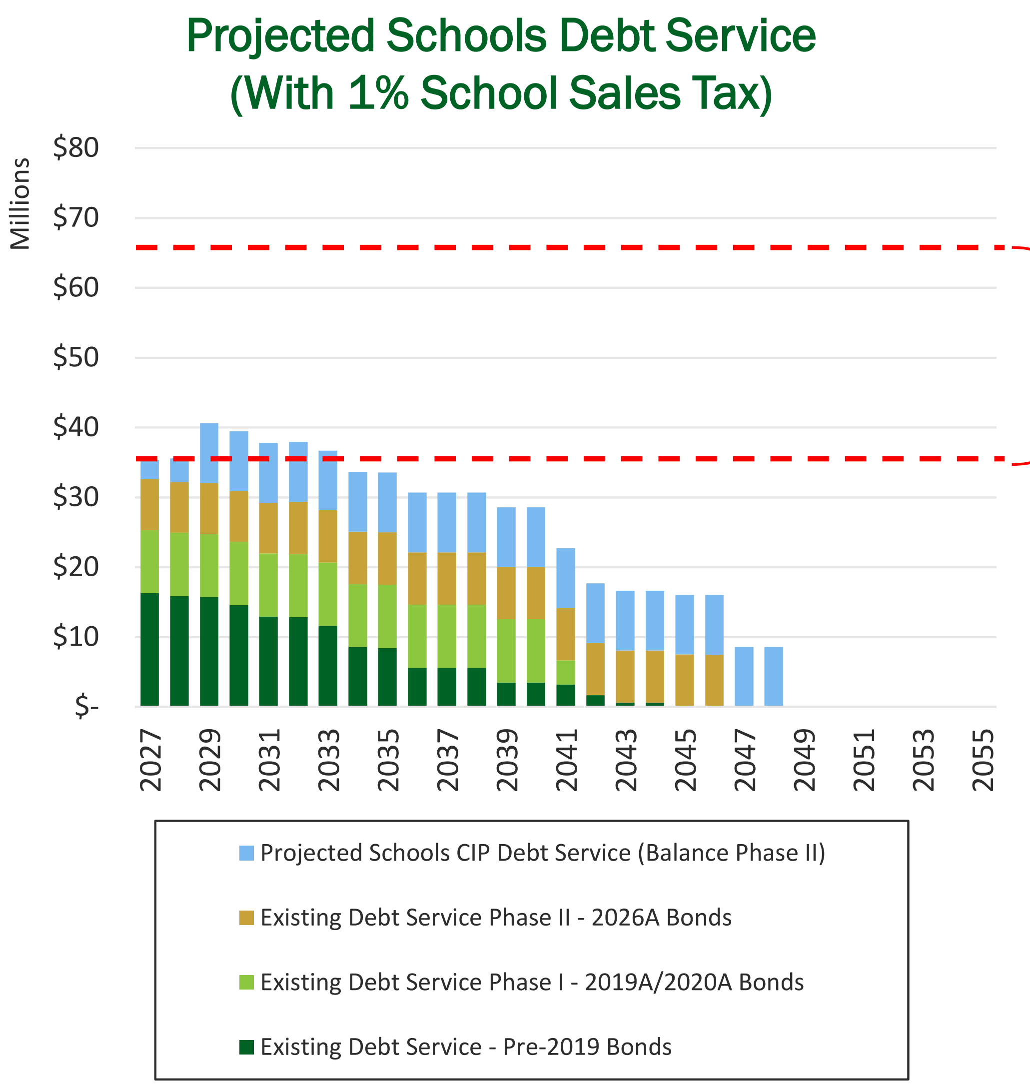
Debt Service Projections – If we do NOT approve local option sales tax

- Plus Phases III & IV projected debt service funded from General Fund Revenues.



Debt Service Projection – 1% local option sales tax approved

- *Phases III & IV debt service now funded entirely from 1% School Sales Tax.*



Eliminates the Need for almost all of the $34 million of additional General Fund Revenues

Addendums

City of Richmond, Virginia

July 24, 2026

Member NYSE | FINRA | SIPC

What Does the City's Multi-Year CIP Fund?

- The city of Richmond (the "City") has and will continue to use General Obligation Bonds to fund some or all of the following project purposes over time:
  - School New Construction and Renovations (HVAC, Roofs, Facility Upgrades, etc.);
  - Justice Center;
  - Court Facilities;
  - E911 Communications System;
  - Streets, Sidewalks, Bridges;
  - Parks and Recreation Facilities;
  - Community Centers;
  - Fire and Police Stations; and
  - Other General Projects that may arise from time-to-time.

Background

- The City established a 20-year $800 million School Capital Investment Program consisting of four (4) Phases.
  - This Program provided funding for new school construction every 5 years and planned to be financed with the City's General Obligation (G.O.) Bonds.
- Phases I & II have already been funded (e.g., $350 million of the $800 million).
- Funding for Phase I Bond Debt Service has been provided by 20% of the Meals Tax (approximately 1.5% of the 7.5% Meals Tax Rate).
- Approximately ½ of the funding for Phase II Bond Debt Service has been provided by other General Fund Revenues and is currently incorporated into the City's FY 2027 Budget.
  - However, the balance of Phase II Bond Debt Service (approximately $7.5 million) will come from future General Fund revenue growth.
- Phases III and IV have yet to be funded and will rely on future General Fund revenue growth.

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