DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY AGENDA

City of Danville, Virginia
County of Pittsylvania, Virginia

Institute for Advanced Learning and Research
150 Slayton Avenue, Room 206
Danville, Virginia

April 8, 2024

12:00 PM

County of Pittsylvania Members

William V. ("Vic") Ingram, Chairman
Robert M. Tucker, Jr.
Darrell W. Dalton, Alternate

City of Danville Members

Sherman M. Saunders, Vice Chairman
J. Lee Vogler, Jr.
Dr. Gary P. Miller, Alternate

Staff

Kenneth F. Larking, City Manager Officer
Stuart J. Turille, Jr., County Administrator Officer
Christian & Barton, L.L.P., Legal Counsel to Authority
Susan M. DeMasi, Authority Secretary
Michael L. Adkins, Authority Treasurer

1. MEETING CALLED TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT

Members of the public who desire to comment on a specific agenda item will be heard during this period. The Chairman/Vice Chairman of the Authority may restrict the number of speakers. Each speaker shall be limited to a total of three minutes for comments.

[Please note that the public comment period is not a question-and-answer session between the public and the Authority.]

4. APPROVAL OF MINUTES

A. Consideration of Approval of Minutes from Regular Meeting held on March 11, 2024.

5. NEW BUSINESS

A. Presentation of the Authority's Fiscal Year 2023 Audit Report. - Michael L. Adkins, Authority Treasurer.

B. Consideration of a Resolution approving a modification to that certain Option and Ground Lease Agreement with Crown Castle Towers 06-2 LLC, a Delaware Limited Liability Company, approved under Resolution No. 2023-06-12-5B, where minimum business terms of the construction and operation of the communications facility have been modified. - Matthew Rowe, Pittsylvania County Director of Economic Development and Michael A. Guanzon, Legal Counsel to the Authority.

C. Consideration of a Resolution approving a one-year renewal of the lease to the Osborne Company of North Carolina, Inc., a North Carolina Corporation, of approximately 100 acres of pastureland in the Authority’s Southern Virginia Megasite at Berry Hill Project (a portion of GPINS 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia. - Mr. Guanzon

D. Consideration of a Resolution authorizing the Chairman of the Authority to Negotiate, Execute, Deliver and Record that Third Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants, amending the original Supplemental Declaration of Protective Covenants dated October 1, 2017, and recorded in the Pittsylvania County Land Records as Instrument No. 17-05662 (as amended), providing for the modification of certain vegetative buffers relating to an amendment to the State Programmatic General Permit for vegetative buffers along U.S. Highway 311 and Oak Hill Road for the Authority's Southern Virginia Mega Site Project, in furtherance of facilitating the Virginia Department of Transportation's Construction of the Berry Hill Connector Road - Brian Bradner, Vice President, Dewberry and Mr. Guanzon.

E. Consideration of a Resolution authorizing the negotiation, execution and delivery of an amendment to that certain timber sale contract dated June 16, 2022, by and between the Authority and Hopkins Lumber Contractors, Inc., a Virginia corporation, for the sale of timber within the Authority’s Southern Virginia Megasite at Berry Hill Project.- Mr. Rowe

F. Financial Status Reports as of March 31, 2024. Michael L. Adkins, Authority Treasurer.

6. CLOSED MEETING

During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects, located in Pittsylvania County, Virginia, and/or Danville, Virginia; and

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2- 3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and

C. As permitted by Virginia Code § 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and

D. As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and

E. As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

7. RETURN TO OPEN SESSION

A. Confirmation of Motion and Vote to Reconvene in Open Meeting.

B. Motion to Certify Closed Meeting.

8. COMMUNICATIONS

A. Authority Board Members

B. Staff

9. ADJOURN

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 4.A.

DATE: April 8, 2024

FROM: Susan DeMasi | Authority Secretary

RE: Consideration of Approval of Minutes from Regular Meeting held on March 11, 2024.

ATTACHMENTS

1. Meeting Minutes

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
Minutes
March 11, 2024

A Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:16 p.m. on the above date at the Institute for Advanced Learning and Research, 150 Slayton Avenue, Room 206, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, J. Lee Vogler, Jr. and Alternate Dr. Gary P. Miller. Pittsylvania County Members present were Chairman William V. Ingram, Robert Tucker and Alternate Darrell Dalton.

City/County staff members attending were: City Manager Ken Larking, County Administrator Stuart Turille, Pittsylvania County Director of Finance Kim Van Der Hyde, Authority Treasurer Michael Adkins, City of Danville Accountants Meredith Franklin and Jaime Pritchett, City of Danville Director of Economic Development Corrie Bobe, Assistant Director of Economic Development Kelvin Perry, Pittsylvania County Director of Economic Development Matt Rowe, Pittsylvania County Project Manager Kattie Saunders, Legal Counsel to the Authority Michael Guanzon and Secretary to the Authority Susan DeMasi. Also present were Brian Bradner, Shawn Harden and Joseph Snead from Dewberry, Linda Green, and Pittsylvania County Board Supervisor Ken Bowman.

Chairman William V. Ingram presided.

PUBLIC COMMENT PERIOD

No one present desired to be heard.

APPROVAL OF MINUTES OF THE FEBRUARY 12, 2024, REGULAR MEETING

Upon **Motion** by Mr. Saunders and **second** by Mr. Tucker, Minutes of the February 12, 2024, Regular Meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

NEW BUSINESS

5A. FINANCIAL STATUS REPORT AS OF FEBRUARY 29, 2024

Authority Treasurer Michael Adkins gave the Financial Status report as of February 29, 2024, beginning with the $7.3M Bonds for Cane Creek, which had no activity for February. Under General Expenditures for the current fiscal year, RIFA paid $26 to Danville Circuit Court for a recording fee related to 350 Slayton Avenue, legal fees to Christian & Barton of $14,104 for services received through the month of December, meals at the Institute of $416.40, monthly utilities of $171.46, and monthly maintenance from Sellars Brothers for Cane Creek and Berry Hill in the amount of $4,890. Funding Other than Bonds for Berry Hill had a payment to Dewberry of $24,987.50 for work completed under Amendments #33, #35A, #37 and #38, and $910.00 to Troutman Pepper Hamilton Sanders. Lot 4 Site Development, Lots 1 and 2, and Water and Sewer had no expenditures for the month of February. Cyber Park Site Development had a payment to Dewberry of $2,000 for work done under Amendment #2. Rent, Interest and Other Income for February show RIFA received rent from the Institute for the Hawkins' Building of $23,342.11, rent for February and March from AEP of $3,000, and earned interest from the money market account of $4,150. Timber sales from Hopkins Lumber was $125,880, and RIFA received $52,433 from the County which will be paid to Morgan Olsen for the incentive; the expense for February was a payment to the Institute for Hawkins Building Maintenance in the amount of $23,342.11.

Mr. Tucker **moved** to accept the Financial Report as presented; the Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE:	4-0
AYE:	Ingram, Tucker, Saunders, Vogler (4)
NAY:	None (0)

6. CLOSED SESSION

At 12:19 p.m. Mr. Vogler **moved** that the Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority be recessed in a Closed Meeting for the following purposes:

[During the closed session, all matters discussed shall involve receiving advice from legal counsel, and as such all communications during the closed session shall be considered attorney-client privileged.]

A. As permitted by Section 2.2-3711(A)(5) of the Code of Virginia, 1950, as amended ("Virginia Code"), for discussion concerning one or more prospective businesses where no previous announcement has been made of that business's interest in locating its facilities in one or more of the Authority's projects, located in Pittsylvania County, Virginia, and/or Danville, Virginia; and

B. As permitted by Virginia Code § 2.2-3711(A)(39) for discussion or consideration of records excluded under Virginia Code § 2.2-3705.6(3) (including without limitation (i) those certain confidential proprietary records voluntarily provided by private business pursuant to a promise of confidentiality from the Authority, and used by the Authority for business and trade development and (ii) those certain memoranda, working papers, or other information related to businesses that are considering locating or expanding in Virginia, prepared by the Authority, where competition or bargaining is involved and where disclosure of such information would adversely affect the financial interest of the Authority); such information being excluded from mandatory disclosure under Virginia Code § 2.2-3705.1(12) (information relating to the negotiation and award of a specific contract pertaining to the Authority's Southern Virginia Megasite at Berry Hill project, Cyber Park project and/or Cane Creek Centre project, where competition or bargaining is involved and where the release of such information would adversely affect the bargaining power or negotiating strategy of the Authority) and Virginia Code § 2.2- 3705.1(8) (appraisals and cost estimates of real property in one or more of the Authority's projects subject to a proposed purchase, sale, or lease, prior to the completion of such purchase, sale, or lease); and

C. As permitted by Virginia Code § 2.2-3711(A)(3) for discussion or consideration of the acquisition and/or the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority; and

D. As permitted by Virginia Code § 2.2-3711(A)(8) for consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel; and

E. As permitted by Virginia Code § 2.2-3711(A)(29) for discussion of the award of a public contract involving the expenditures of public funds where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the Authority.

The Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE:	4-0
AYE:	Ingram, Tucker, Saunders, Vogler (4)
NAY:	None (0)

7. RETURN TO OPEN SESSION

On **Motion** by Mr. Tucker and **second** by Mr. Vogler and by unanimous vote at 1:21 p.m., the Authority returned to open meeting.

Mr. Saunders **moved** for adoption of the following Resolution:

That the Authority certify that, to the best of each Member's knowledge:

(i) only public business matters lawfully exempted from the open meeting requirements of Virginia Law were discussed in the Closed Meeting to which this Certification Resolution applies, and

(ii) only such public business matters as were identified in the Motion convening the Closed Meeting were heard, discussed, or considered by Authority.

The Motion was **seconded** by Mr. Tucker and carried by the following vote:

VOTE:	4-0
AYE:	Ingram, Tucker, Saunders, Vogler (4)
NAY:	None (0)

8. COMMUNICATIONS

Board members noted they were excited about future prospects, and thanked the staff for the work they do.

Mr. Rowe noted staff received several complaints regarding dirt and traffic along Buford Road, and staff worked with the contractors to address those complaints. Branch Construction went down the roadway, picked up trash and went out of their way to make sure the impacts to the neighborhoods through the connector road project were being minimized. Mr. Rowe stated that the RIFA Board directed Mr. Larking and Mr. Turille to sign a payment to Sellars Brothers to remove the house on Lot 3 at the Megasite; that has been done and has been stabilized.

Mr. Ingram stated Brian Bradner from Dewberry received a promotion, Vice President of Dewberry, and noted his congratulations. Mr. Ingram stated he has received calls from citizens on Buford Road, it was a mix between trash and mud on the road. In construction, there will be mud on the road, and thanked Mr. Rowe for following up on those complaints. Mr. Rowe noted Mr. Turille took care of that, and Branch Construction was out the next day picking up trash.

Meeting adjourned at 1:31 p.m.

APPROVED:

____
Chairman

____
Secretary to the Authority

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.A.

DATE: April 8, 2024

FROM: Michael Adkins | Authority Treasurer

RE: Presentation of the Authority's Fiscal Year 2023 Audit Report. - Michael L. Adkins, Authority Treasurer.

SUMMARY

The Fiscal Year 2023 audit has been completed by Brown Edwards & Company, LLP. A brief overview of the results will be given. Copies of the reports are included.

ATTACHMENTS

1. FY 2024 Audited Statements and Opinion
2. FY 2024 Audit Letter
3. FY 2024 Comments on Internal Controls

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

FINANCIAL REPORT

June 30, 2023

Danville-Pittsylvania Regional Industrial Facility Authority

Table of Contents

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Danville-Pittsylvania Regional
Industrial Facility Authority
Danville, Virginia

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United Stated of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Your Success is Our Focus
828 Main Street, Suite 1401 • Lynchburg, Virginia 24504 • 434-948-9000 • Fax: 434-948-9029 • www.BEcpas.com

Report on the Audit of Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Summarized Comparative Information

We have previously audited the Authority's 2022 financial statements, on which, in our report dated April 12, 2023, we expressed an unmodified opinion. The 2022 financial information is provided for comparative purposes only.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
March 20, 2024

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Net Position
June 30, 2023

	2023	(For Comparative Purposes Only) 2022
Assets		
<u>Current assets</u>		
Cash and cash equivalents	$ 1,883,884	$ 1,571,171
Due from other governments	2,114,874	734,047
Other receivables	28,679	21,966
Prepaids	3,139	2,809
Total current assets	4,030,576	2,329,993
<u>Noncurrent assets</u>		
Restricted cash and cash equivalents	43,086	309,643
Due from Pittsylvania County	1,938,665	1,906,508
Capital assets not being depreciated	23,076,605	23,180,794
Capital assets being depreciated, net	20,080,266	20,931,414
Construction in progress	34,283,295	28,968,146
Total noncurrent assets	79,421,917	75,296,505
Total assets	83,452,493	77,626,498
Liabilities		
<u>Current liabilities</u>		
Accounts payable - general	186,791	575,309
Accounts payable - construction	363,202	576,219
Accrued interest payable	150,888	90,989
Retainage payable	265,731	16,161
Unearned revenue - current	4,100	269,632
Bonds payable - current	515,000	490,000
Total current liabilities	1,485,712	2,018,310
<u>Noncurrent liabilities</u>		
Due to City of Danville	1,938,665	1,906,508
Unearned revenue	147,000	147,000
Bonds payable	4,705,000	5,220,000
Total noncurrent liabilities	6,790,665	7,273,508
Total liabilities	8,276,377	9,291,818
Net position		
Net investment in capital assets	71,612,035	66,730,436
Restricted - debt reserves	22,283	288,841
Unrestricted	3,541,798	1,315,403
Total net position	$ 75,176,116	$ 68,334,680

The accompanying notes are an integral part of this financial statement.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
Operating revenues		
Virginia Tobacco Commission grants	$ 2,510,493	$ 694,916
Other grants	1,170,586	-
Economic development incentives - City of Danville	1,339,330	320,896
Economic development incentives - County of Pittsylvania	1,339,330	320,896
Other income	1,476,555	484,493
Total operating revenues	7,836,294	1,821,201
Operating expenses		
Depreciation and amortization	851,148	848,758
Economic development - Cyber Park	14,698	437,547
Economic development - Cane Creek Centre	52,433	1,488,777
Economic development - Mega Park	186,200	810,014
Other operating expenses	567,355	602,207
Total operating expenses	1,671,834	4,187,303
Operating income (loss)	6,164,460	(2,366,102)
Non-operating revenues (expenses)		
Interest income	32,553	278
Interest expense	(102,371)	(120,385)
Total non-operating expenses	(69,818)	(120,107)
Net income (loss) before capital contributions	6,094,642	(2,486,209)
Capital contributions		
Contribution - City of Danville	373,397	696,028
Contribution - Pittsylvania County	373,397	696,028
Total capital contributions	746,794	1,392,056
Change in net position	6,841,436	(1,094,153)
Net position at July 1	68,334,680	69,428,833
Net position at June 30	$ 75,176,116	$ 68,334,680

The accompanying notes are an integral part of this financial statement.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
Operating activities		
Receipts from operating grants and activities	$ 2,294,247	$ 432,857
Payments to suppliers for goods and services	(537,990)	(1,859,141)
Other payments	3,630,923	592,375
Net cash provided by (used in) operating activities	5,387,180	(833,909)
Capital and related financing activities		
Purchase of capital assets	(5,278,596)	(676,519)
Capital contributions	437,491	1,589,999
Interest paid on bonds	(42,472)	(58,792)
Principal repayments on bonds	(490,000)	(465,000)
Net cash provided by (used in) capital and related financing activities	(5,373,577)	389,688
Investing activities		
Interest received	32,553	278
Net cash provided by investing activities	32,553	278
Net increase (decrease) in cash and cash equivalents	46,156	(443,943)
Cash and cash equivalents - beginning of year	1,880,814	2,324,757
Cash and cash equivalents - end of year	$ 1,926,970	$ 1,880,814

Reconciliation to Statement of Net Position		
Cash and cash equivalents	$ 1,883,884	$ 1,571,171
Restricted cash and cash equivalents	43,086	309,643
	$ 1,926,970	$ 1,880,814

The accompanying notes are an integral part of this financial statement.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 6,164,460	$ (2,366,102)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	851,148	848,758
Non-cash economic incentive expenses	104,189	705,506
Operating in-kind expenses	43,063	68,297
Changes in assets and liabilities:		
Change in prepaids	(330)	(2,809)
Change in other receivables	(1,387,540)	(261,976)
Change in accounts payable - general	(388,518)	174,500
Change in unearned revenue	708	(83)
Net cash provided by (used in) operating activities	$ 5,387,180	$ (833,909)
Supplemental cash flow information		
Capital asset additions financed by retainage payable	$ 265,731	$ 16,161
Capital asset additions financed by accounts payable	$ 363,202	$ 644,559

1. Organization and Nature of Activities

The *Danville-Pittsylvania Regional Industrial Facility Authority* ("the Authority") was created by ordinance of the Board of Supervisors of Pittsylvania County, Virginia, and the City Council of the City of Danville, Virginia, to promote and further the purposes of the *Virginia Regional Industrial Facilities Act*, Chapter 64, Title 15.2 of the *Code of Virginia*, (1950) as amended (the Act). The Authority is an entity jointly owned by the City of Danville and Pittsylvania County and is a political subdivision of the Commonwealth of Virginia. The Authority is empowered, among other things, to borrow money to purchase real estate and finance all improvements in industrial parks intended to be occupied by manufacturing, warehousing, distribution, office or other commercial enterprises. In addition, the Authority is authorized under the Act to issue revenue bonds to finance facilities for such enterprises. The Authority has no taxing power. The City of Danville acts as the fiscal agent of the Authority. As fiscal agent, the City provides office space to the Authority at no charge.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Authority utilizes the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred, regardless of the timing of the related cash flow. The Authority follows all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues generally consist of grant income from various state or federal agencies; operating expenses generally consist of economic incentive grants, infrastructure development, depreciation and amortization expense, and other operating expenses which include bank charges, legal fees, accounting fees, meals and other miscellaneous fees. Non-operating items consist of interest income and expense as well as incidental items not directly related to the primary operations of the Authority. Capital contributions consist of subsidies from the City of Danville and Pittsylvania County.

Economic Incentive Grants

One important function of the Authority is to provide incentives for businesses to locate in the industrial parks constructed by the Authority. In some cases, the Authority agrees that if a business reaches certain investment and employment goals, the Authority will transfer capital assets (such as land and improvements) to the business at very favorable terms at the end of a specified period - usually five to ten years. The Authority reports these transfers as expenses when the grantee reaches its initial investment and employment goals and it appears unlikely that the grantee will fail to maintain these goals throughout the specified period.

Non-exchange transactions, in which the Authority either gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. Revenues and expenses from grants and donations are recognized in the fiscal year in which, in management's judgment, all eligibility requirements have been substantially satisfied.

Cash and Cash Equivalents

Cash and cash equivalents represent checking and savings accounts of the Authority, which are available on demand or within a three-month period.

2. Summary of Significant Accounting Policies (Continued)

Due From Other Governments

Due from other governments generally consists of grant reimbursements receivable from the Virginia Tobacco Commission or other grantor agencies. There was $2,114,874 due from the Virginia Tobacco Commission or other grantor agencies at June 30, 2023.

Prepaids

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

Capital Assets

Property and equipment is recorded at cost and depreciated over the estimated useful lives of the related assets, ranging from 10 to 50 years. Normal maintenance and repairs are charged to operations when incurred. Capital assets that are later transferred to other governments or businesses are capitalized at cost as constructed or purchased, and are later recorded as expenses when transferred to the recipient entity. The expense of capital assets that are transferred as part of economic incentive grants is generally recognized at the time the recipient has met all eligibility requirements and is expected to continue to meet the requirements throughout the period required by the incentive agreement.

Management does not believe the Authority's real estate has and improvements declined materially in value below the reported cost; however, no formal appraisals of the Authority's real property have been obtained since it was acquired.

Unearned Revenue

Unearned revenue represents revenue received but not recognized since it has not been earned. Unearned revenue is comprised of rent payments received in advance of the rent period and advances for future economic incentives, for which the Authority has not yet incurred the corresponding expense.

Net Position

Net position is the difference between assets and liabilities. Net investment in capital assets represents capital assets less accumulated depreciation less any outstanding debt used for the acquisition or improvement of those assets. Restricted net position consists of reserves the Authority is required to maintain under its bond agreements.

2. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income Taxes

The Authority is exempt from all federal, state, and local income taxes.

3. Deposits, Restricted Cash and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of the following at June 30, 2023:

Bond funds to be used for improvements to Cane Creek Centre	$	20,803
Restricted funds for Cane Creek Centre debt service		22,283
	$	43,086

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2023, the Authority's investments consisted of a money market fund primarily invested in U.S. Government repurchase agreements, floating and fixed rate securities, and U.S. treasury bills and coupons. The fund was rated AAAm by Standard and Poor's and has a weighted average maturity of less than one year. These funds are carried at a stable $1.00 net asset value, and thus reported at amortized cost.

At June 30, 2023, the Authority had $1,739,375 in a money market account with the remainder of cash and cash equivalents in demand deposits.

The Authority has no custodial credit risk policy. However, the Authority had no custodial credit risk related to its investments at June 30, 2023. The Authority does not have a policy related to interest rate risk.

4. Due To/From Member Localities

The Authority is equally funded by the City of Danville and Pittsylvania County. The two localities have signed agreements to share all costs of the Authority equally. At times, one locality may front all costs associated with a transaction, creating an amount owed by the other. The Authority reflects these balances as all transactions associated with the Authority are recorded on the Authority's books. At June 30, 2023, the Authority reflects amounts due to the City of Danville of $1,938,665 and a corresponding due from Pittsylvania County for the same amount. This stems from items paid for or contributed by the City of Danville in excess of its share. It is not expected that Pittsylvania County will repay this amount in full in fiscal year 2024, but rather that the balance will be adjusted annually based on contributions made by both localities.

5. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	June 30, 2022 Balance	Increases	Decreases	June 30, 2023 Balance
Capital assets not being depreciated:				
Cyber Park - Land	$ 5,614,792	$ -	$ -	$ 5,614,792
Cane Creek Centre - Land	3,772,147	-	-	3,772,147
Industrial Park - Land	13,793,855	-	104,189	13,689,666
Total capital assets not being depreciated	23,180,794	-	104,189	23,076,605
Capital assets being depreciated:				
Buildings	25,617,874	-	-	25,617,874
Building Improvements	310,697	-	-	310,697
Land Improvements	6,372,788	-	-	6,372,788
Infrastructure	2,006,965	-	-	2,006,965
Machinery and equipment	1,135,690	-	-	1,135,690
Total capital assets being depreciated	35,444,014	-	-	35,444,014
Less accumulated depreciation for:				
Buildings	11,598,648	601,811	-	12,200,459
Building Improvements	118,832	8,126	-	126,958
Land Improvements	2,132,291	162,737	-	2,295,028
Infrastructure	602,085	40,139	-	642,224
Machinery and equipment	60,744	38,335		99,079
Total accumulated depreciation	14,512,600	851,148	-	15,363,748
Total capital assets being depreciated, net	20,931,414	(851,148)	-	20,080,266
Total capital assets, net	$ 44,112,208	$ (851,148)	$ 104,189	$ 43,156,871

6. Construction in Progress

Construction in progress consisted of the following at June 30:

	June 30, 2022 Balance	Increases	Decreases	June 30, 2023 Balance
Cane Creek Centre	$ 24,700	$ -	$ -	$ 24,700
Cyber Park	79,565	1,970,625	-	2,050,190
Southern Virginia Megasite	28,863,881	3,344,524	-	32,208,405
	$ 28,968,146	$ 5,315,149	$ -	$ 34,283,295

7. Long-Term Debt

The following schedule represents all bonds payable:

Description	Original Issue	Annual Amount	Interest Rate	Maturity	Outstanding June 30, 2023
2019 Revenue Refunding bonds	$ 2,545,000	$ 205,000 – 515,000	2.27%	1/1/2025	$ 720,000
2021 Revenue Bond	4,500,000	501,656 – 536,455	1.50%	1/1/2036	4,500,000

In August 2019, the Authority issued $2,545,000 in revenue refunding bonds. These bonds were issued to satisfy the outstanding balance of the Series 2016 revenue bonds. Debt service payments are made with funds received from the City of Danville and Pittsylvania County.

In June 2021, the Authority issued a $4,500,000 revenue bond. The bond was issued to fund costs for continued development of the industrial park which is included in construction in progress. The bond requires interest only accruals until the first principal and interest payment in July 2031. The bond relates to a performance agreement with Appalachian Power Company to move existing transmission lines. The agreement allows the Authority to potentially recover the cost of the associated capital outlays from Appalachian Power Company based on future customer purchases of electricity.

Long-term debt activity for the year ended June 30, 2023 was as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Revenue bonds – direct borrowing	$ 5,710,000	$ -	$ 490,000	$ 5,220,000	$ 515,000

7. Long-Term Debt (Continued)

Debt service on the preceding bonds in future years is as follows:

Debt Maturity Schedule

Year Ending June 30	Principal	Interest	Total
2024	$ 515,000	$ 86,069	$ 601,069
2025	205,000	74,484	279,484
2026	-	71,953	71,953
2027	-	73,037	73,037
2028	-	74,137	74,137
2029-2033	1,800,000	345,926	2,145,926
2034-2036	2,700,000	59,756	2,759,756
	$ 5,220,000	$ 785,362	$ 6,005,362

8. Economic Development

In January 2023, the Authority entered into a local performance agreement with Electronic Instrument and Technology, LLC, to expand its manufacturing operations to develop custom electronic products. Through, this expansion, the company was acquired by German-based electronics company Zollner Electronics Inc. and committed to $14,000,000 of new investment and 80 new full-time jobs. The terms of the agreement provides a State grant of $259,200, a performance-based incentive of $230,000 in the form of tax rebates, and the opportunity to receive $80,000 from an Enterprise Zone Jobs grant.

9. Short-Term Leases

The Authority leases land to tenants under lease terms of one year or less. Under the terms of the agreements, the future rental income for the year ending June 30, 2024 is estimated to be $17,600.

10. Long-Term Leases

In October 2006, the Authority entered into agreements with Swedwood Danville, LLC that provided the Authority would lease 94 acres (valued at $1,027,947) to Swedwood for 120 months at a rate of $1 per year. Swedwood had the option to purchase the above-mentioned land for $1 at the end of the 120-month lease if it meets certain investment and employment criteria. In fiscal year 2008, Swedwood met its initial investment and employment criteria and the Authority recorded the transfer of land to Swedwood. If Swedwood chooses to expand its operations within the terms of the agreement, it also has the right to lease from the Authority certain parcels of land known as lots 7B and/or 7C, consisting of approximately 103 acres and 11 acres, respectively. Swedwood also had the right of first refusal to purchase a certain parcel of land from the Authority known as Lot 6 consisting of 68.8 acres. In fiscal year 2019, the Authority sold 87.04 acres, known as Lot 7A, in the Cane Creek Centre Industrial Park to IKEA Industry Danville, LLC for $1 in accordance with the agreement dated October 25, 2006. The Authority's cost of the land was $951,836 and the sale was made in exchange for a quitclaim, release and waiver by IKEA of any and all options or rights to the real property owned by the Authority in Cane Creek Centre.

The Research Building, which has a carrying value of $4,266,025 at June 30, 2023 and accumulated depreciation of $2,769,785, is leased to the Institute for Advanced Learning & Research (IALR) for $10 per year per square foot occupied. The lease was renewed at the same rent terms on June 1, 2013 for a one-year period and will automatically renew annually thereafter for successive one year periods. The rent for the renewal is set forth in the lease agreement. Insurance costs are the responsibility of the lessee. Maintenance costs are the responsibility of the Authority; however, the lessee is engaged to provide for the maintenance obligations and is compensated for these services in an amount equal to the rent paid by the lessee. For fiscal year 2023, $272,182 of rental income was received through this lease.

The Institute Building is leased to the IALR for $1 per year. The lease term began June 2004 for a 15-year period and will automatically renew on an annual basis thereafter for successive one year period. Insurance and maintenance costs are the responsibility of the lessee.

In fiscal year 2011, the Authority entered into a ground lease with the IALR to allow for the construction of the Sustainable Energy Technology Center Building (SEnTeC). The lease term is 240 months and began in September 2010. The property is leased to the IALR at a rate of $1 per year and the IALR has the option to purchase the premises for $100 at the end of the lease term, as long as all related grant requirements have been satisfied.

11. Commitments and Contingencies

At June 30, 2023, the Authority had approximately $12 million in outstanding engineering and consulting contracts, of which approximately $3,159,795 had not been expended.

12. Subsequent Events

The Authority has evaluated subsequent events through March 20, 2024, the date the financial statements were available to be issued. The Authority has concluded no subsequent events have occurred that require disclosure.

13. Dissolution of Authority

If dissolution of the Authority should occur, such dissolution shall be made pursuant to *Code of Virginia*, Section 15.2-6415. Pittsylvania County constructed a Multi-Port Access Point (MSAP), at an approximate cost of $2 million that will benefit areas served by the Authority. Should the Authority ever be dissolved, the MSAP will be considered part of the County's investment in the Authority.

* * * * *

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Danville-Pittsylvania Regional
Industrial Facility Authority
Danville, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 20, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
March 20, 2024

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

SUMMARY OF COMPLIANCE MATTERS
Year Ended June 30, 2023

As more fully described in the **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia
Cash and Investment Laws
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act
Conflicts of Interest

BROWNEDWARDS
certified public accountants

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Board of Directors of
Danville-Pittsylvania Regional
Industrial Facility Authority
Danville, Virginia

We have audited the financial statements of Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 20, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023. As described in Note 2, management has accounted for economic incentive grants and agreements with "grantee" industries locating in the area as voluntary non-exchange transactions under Governmental Accounting Standards Board Statement No. 33. Under this method, the Authority reports the expenses associated with these incentives once a grantee has met the initial requirements in its performance agreement with the Authority, and it appears unlikely that the grantee will fail to maintain these requirements throughout the specified performance period or unlikely that the resources granted would be recoverable. We have discussed the accounting for these transactions with management and believe the method selected is appropriate in this circumstance, but accounting for transactions such as these involves significant judgment. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the Authority's financial statements were:

- Management's estimate of the useful lives of capital assets, which is based on management's knowledge and judgment, which is based on history.

<u>Significant Audit Matters</u> (Continued)

Qualitative Aspects of Accounting Practices (Continued)

- Management's estimate of the allocation of costs to land parcels sold, which consists of the allocation of costs of purchases and improvements to useable land acreage.
- Management's judgment that the carrying value of property and improvements is not materially different from market value is largely based on assumptions about the local real estate market.

We evaluated the methods, assumptions, and data used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements include those related to:

- The disclosure of the Authority's commitments and contingencies in Note 11 is considered useful to users of the statements.
- The Authority's outstanding debt and capital assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements noted during the June 30, 2023 audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2024, a copy of which is attached.

<u>Significant Audit Matters</u> (Continued)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Restriction on Use</u>

This information is intended solely for the information and use of the Board of Directors and management of Danville-Pittsylvania Regional Industrial Facility Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
March 20, 2024

March 20, 2024

Brown, Edwards & Company L.L.P.
828 Main Street, Suite 1401
Lynchburg, Virginia 24504

This representation letter is provided in connection with your audit of the financial statements of Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority"), which comprise the financial position of the Authority as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of March 20, 2024, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 20, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9) Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.
10) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

11) We have provided you with:
    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
    b) Additional information that you have requested from us for the purpose of the audit.
    c) Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
    d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14) We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
    - Management,
    - Employees who have significant roles in internal control,
    - Service organizations used by the Authority, or
    - Others where the fraud could have a material effect on the financial statements.
15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

23) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net position.

24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

427 PATTON STREET, RM 428 • DANVILLE VA 24541 • 434-797-8928 • dprifa@danvilleva.gov

29) The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

30) The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

32) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

33) Provisions for uncollectible receivables have been properly identified and recorded.

34) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

36) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility, changes in market value, or the marketability of land.

37) We are not aware of any conditions that would result in an impairment of any capital assets.

38) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board Statements (GASBS) that are not yet effective, as discussed in the notes to financial statements. The Authority is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.

39) We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

40) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

41) We have reviewed and discussed the balances of the Authority's long-term due to/from accounts related to the City of Danville, Virginia and the County of Pittsylvania, Virginia. It is our conclusion that these balances are materially correct as of June 30, 2023. We are in agreement with the changes in the due to/from account based on contributions by each locality in fiscal year 2023.

42) Expenditures of federal awards were below the $750,000 threshold in the audit period, and we were not required to have an audit in accordance with the Uniform Guidance.

43) There are no contingent liabilities whereby the Authority could be obligated to repay Tobacco Commission or other funds upon the failure of a grantee entity to comply with grant requirements.

44) Related parties include, but are not limited to, any member of the Authority's Board of Directors, elected or appointed officials of the City of Danville or Pittsylvania County, any member of management of the Authority or the City or the County, as well as individuals related to any such persons. This also includes entities in which any of these individuals have a beneficial interest. In the current year, there were no related party transactions involving economic development activities, including, but not limited to, acquisitions of property or sales of property where the counterparty was a related party. There were no transactions involving grant awards to a related party, nor were there contracts for construction or other services with related parties. The oversight and internal control over all such transactions is such that any related party transactions would be identified at the board of directors level, fully disclosed in the financial statements, as well as the Authority's minutes, and evaluated for overall appropriateness with legal counsel, as appropriate.

45) We reaffirm the representations made to you in our letter dated April 12, 2023 regarding your audit for the fiscal year ended June 30, 2022.

Signature: ____________________
Title: City of Danville – City Manager

Signature: ____________________
Title: City of Danville – Chief Financial Officer

Signature: ____________________
Title: Pittsylvania County – County Administrator

Signature: ____________________
Title: Pittsylvania County – Finance Director

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

COMMENTS ON INTERNAL CONTROL AND OTHER SUGGESTIONS FOR YOUR CONSIDERATION

June 30, 2023

CONTENTS

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON COMMENTS AND SUGGESTIONS

To the Board of Directors of
Danville-Pittsylvania Regional
Industrial Facility Authority
Danville, Virginia

In planning and performing our audit of the financial statements of the Danville-Pittsylvania Regional Industrial Facility Authority (the "Authority") as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and to comply with *Government Auditing Standards*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

If material weaknesses or significant deficiencies were identified during our procedures they are appropriately designated as such in this report. Additional information on material weaknesses or significant deficiencies and compliance and other matters is included in the ***Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*** which should be read in conjunction with this report.

Additionally, during our audit, we may have become aware of certain other matters that provide opportunities for improving your financial reporting system and/or operating efficiency. Such comments and suggestions regarding these matters, if any, are included in the attached report, but are not designated as a material weakness or significant deficiency. Since our audit is not designed to include a detailed review of all systems and procedures, these comments should not be considered as being all-inclusive of areas where improvements might be achieved. We also have included information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. It is our hope that these suggestions will be taken in the constructive light in which they are offered.

This communication is intended solely for the information and use of the Authority, management, and the appropriate state and federal regulatory agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
March 20, 2024

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

PRIOR YEAR COMMENTS AND SUGGESTIONS
June 30, 2023

Segregation of Duties

One of the more important aspects of any system of internal control is the segregation of duties. In an ideal system of internal controls, no individual would perform more than one duty in connection with any transaction or series of transactions. In particular, no one individual would have access to both physical assets and the related accounting records, since such access may allow errors or irregularities to occur and be undetected or concealed.

Following are some of the areas where duties are not ideally segregated:

- Signed checks are returned to the individual responsible for check preparation for mailing. This can allow payments to be diverted.
- The individual with bank reconciliation responsibilities has access to the general ledger that still includes access for the individual to record and change transactions. Ideally, this person would not have any involvement with the recording of or the ability to record transactions.

Complete segregation of all duties is likely not possible without the involvement of additional personnel.

Status: *The items noted above still exist. Management believes there are appropriate mitigating controls in place to address the risk associated with the two areas noted that are not ideally segregated. These mitigating controls consist of monitoring of all cash disbursements by other knowledgeable personnel. Management should continue to identify ways in which controls could be overridden, and should ensure that monitoring controls are applied vigilantly. Management, and those charged with governance, should maintain an attitude of vigilance and appropriate skepticism.*

Accounting for Construction in Progress and Infrastructure in Future Years

Construction in progress at the Berry Hill industrial park has reached approximately $19,115,000 as of June 30, 2020. Although not of effect for the current fiscal year, in the future the Authority will need to allocate its costs of construction in progress for the Berry Hill park into the following categories:

- Improvement costs associated with individual lots – these costs generally should be written off at the time the lot is sold or granted to a third party.
- Costs associated with utilities – these costs should be written off at the time any utilities (water, sewer, gas, or electric) are contributed to the utility system of the City of Danville, which will then record the value of those assets and accept responsibility for them.
- Costs associated with infrastructure that is contributed to VDOT – any such costs should be written off at the time any roads or other infrastructure is accepted by VDOT.
- Costs associated with infrastructure that will be retained – if infrastructure is retained by the Authority (meaning that the Authority will retain responsibility for care and maintenance), this should be assigned a useful life at the time it is placed in service, and depreciated over that useful life.

As noted previously, these are matters that are of no impact on the current year audit but will be relevant as the Berry Hill projects mature. We recommend that management begin a process for separating and identifying or estimating the allocation of such costs as described above.

Status: *The item noted above still exists. The construction in progress at Berry Hill industrial park has reached approximately $32,000,000 as of June 30, 2023.*

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit.

The GASB issued **Statement No. 99, *Omnibus 2022*** in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The GASB issued **Statement No. 100, *Accounting Changes and Error Corrections*** in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

(Continued)

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued **Statement No. 101,** ***Compensated Absences*** in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

(Continued)

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(Continued)

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

ACCOUNTING AND OTHER MATTERS
June 30, 2023

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Recognition. The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. This project is currently in exposure draft re-deliberations period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. This project is currently in exposure draft re-deliberations period.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. This project is currently in the preliminary views re-deliberations period.

Going Concern Uncertainties and Severe Financial Stress. The objective of this project is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This project is currently in the initial deliberations period. Additionally, infrastructure assets have been added to the agenda.

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.B.

DATE: April 8, 2024

FROM: Matt Rowe | Pittsylvania County Director of Economic Development

RE: Consideration of a Resolution approving a modification to that certain Option and Ground Lease Agreement with Crown Castle Towers 06-2 LLC, a Delaware Limited Liability Company, approved under Resolution No. 2023-06-12-5B, where minimum business terms of the construction and operation of the communications facility have been modified. - Matthew Rowe, Pittsylvania County Director of Economic Development and Michael A. Guanzon, Legal Counsel to the Authority.

SUMMARY

This item is for a 2,000 square foot ground lease for a cell phone tower installation on Lot 7 at the Southern Virginia Megasite to improve future communications coverage. The terms, reviewed by RIFA counsel, dictate that the lessee shall pay $21,000 per year for 15 initial years with the ability for 7 additional 5-year extensions. Staff recommends that RIFA approve the ground lease as presented.

ATTACHMENTS

1. Resolution 2024-04-08-5B
2. Exhibit A - Modified Cell Tower Lease

Resolution No. 2024-04-08-5B

A RESOLUTION APPROVING A MODIFICATION TO THAT CERTAIN OPTION AND GROUND LEASE AGREEMENT WITH CROWN CASTLE TOWERS 06-2 LLC, A DELAWARE LIMITED LIABILITY COMPANY, APPROVED UNDER RESOLUTION NO. 2023-06-12-5B, WHERE MINIMUM BUSINESS TERMS OF THE CONSTRUCTION AND OPERATION OF THE COMMUNICATIONS FACILITY HAVE BEEN MODIFIED

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the **"Authority"**) is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, the City of Danville, Virginia (the "**City**"), and the County of Pittsylvania County, Virginia (the "**County**"), in order to stimulate economic growth and development of the community by creating jobs and infrastructure have agreed to provide incentives to new and expanding businesses which conduct industrial activity; and

WHEREAS, the Authority, pursuant to Resolution No. 2023-06-12-5B, approved the negotiation, execution and delivery of an Option and Ground Lease Agreement (the "**O&GL Agreement**"), with Crown Castle Towers 06-2 LLC, a Delaware limited liability company ("**Crown Castle**") to construct and operate a communications facility upon that certain real property containing approximately two thousand square feet (2,000 sq. ft.) (part of Tax GPIN 1356-75-0037) in the Authority's Southern Virginia Megasite at Berry Hill (the "**SVM**"), located in Pittsylvania County, Virginia; and

WHEREAS, while the O&GL Agreement had not been executed, the Authority and Crown Castle desire to modify the terms and conditions of the O&GL Agreement, as more fully described on **<u>Exhibit A</u>**, attached hereto and incorporated herein by this reference (the "**Modified Agreement**"); and

WHEREAS, the Authority has determined that it is in the best interests of the Authority, of the citizens of the County and the City, and of further development of the SVM, for the Authority to approve, execute and deliver the Modified Agreement, consistent with this Resolution.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby authorizes and approves the execution and delivery of the Modified Agreement with Crown Castle, as described in this Resolution, subject to approval and modification by the Authority's legal counsel as to legal form. The Authority hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, in consultation with the other, to further negotiate and amend the Modified Agreement, on behalf of the Authority, consistent with this Resolution and as approved by legal counsel to the Authority as to legal form, such execution of any such amendments by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any such amendments.

2. The Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, staff and other agents and representatives working on behalf of the

Authority to take such actions and to do all such things as are contemplated by the Modified Agreement or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of this Resolution.

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Modified Agreement, and the matters contemplated therein or related thereto on before the date of this Resolution is adopted.

4. This Resolution shall take effect immediately upon its adoption.

- # -

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on April 8, 2024, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority as of the 8th day of April 2024.

____

SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial Facility
Authority

(SEAL)

Exhibit A

(Modified Agreement)

OPTION AND DEED OF GROUND LEASE AGREEMENT

THIS OPTION AND DEED OF GROUND LEASE AGREEMENT (this "Agreement") is made effective this ______________ day of _________, 20___ ("Effective Date") by and between the DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia ("Lessor"; to be indexed as grantor), and CROWN CASTLE TOWERS 06-2 LLC, a Delaware limited liability company ("Lessee"; to be indexed as grantee).

1. Lessor's Property. "Lessor's Property" shall refer to the parcel of land located in the County of Pittsylvania, Commonwealth of Virginia, as shown on the Tax Map of said County as Tax Parcel Number 1356-75-0037, being further described on **Exhibit "A**".

2. Leased Premises. "Leased Premises" shall refer to that portion of Lessor's Property consisting of a parcel of approximately two thousand square feet (2,000 sq. ft.) as described in the sketch attached hereto as **Exhibit "B"**. The boundaries of the Leased Premises may be subject to modification as set forth in Section 7, but in no event shall the boundaries be modified without the express written consent of Lessor, which such consent will not be unreasonably withheld, conditioned or delayed.

3. Grant of Option to Lease. In consideration of One Thousand Dollars ($1,000.00) ("Option Fee") to be paid by Lessee to Lessor within sixty (60) days of Lessee's execution of this Agreement, Lessor hereby grants to Lessee the option (as hereafter defined), for a period of twenty-four (24) months, commencing on the Effective Date ("Option Period"), to lease the Leased Premises, on the terms and conditions set forth in this Agreement (the "Option").

4. Due Diligence Investigation.

(A) Inspection Rights. During the Option Period and the Lease Term (if applicable), Lessee shall have the right to analyze the suitability of the Leased Premises for its Permitted Use (as defined herein). Lessee and its employees, agents, contractors, engineers, and surveyors (collectively, "Lessee's Personnel") shall have the right to enter upon Lessor's Property to inspect, conduct, perform and examine soil borings, drainage testing, material sampling, surveys and other geological or engineering tests or studies of Lessor's Property, to apply for and obtain all licenses and permits required for Lessee's use of the Leased Premises from all applicable governmental or regulatory entities, and to do those things on Lessor's Property that, in the reasonable opinion of Lessee, are necessary to determine the physical condition of Lessor's Property, the environmental history of Lessor's Property, Lessor's title to Lessor's Property and the feasibility or suitability of the Leased Premises for Lessee's Permitted Use as defined in this Agreement, all at Lessee's expense (the "Due Diligence"). Activities conducted in connection with Lessee's Due Diligence shall not be deemed to constitute exercise of the Option or commencement of construction of the Improvements, as defined in Section 12. Upon completion of Lessee's Due Diligence activities, Lessee shall promptly restore Lessor's Property to its prior condition, reasonable wear and tear excepted. Lessee hereby agrees to indemnify, defend, and hold harmless Lessor from and against any and all liabilities (including reasonable attorneys' fees, expenses and disbursements) arising out of or resulting from entry onto the Lessor's Property and/or the conduct of any due diligence by Lessee or any of Lessee's Personnel. The provisions of this Section 4(A) shall specifically and without limitation survive the expiration or any earlier termination of this Agreement.

(B) Temporary Access Road and Easement for Due Diligence. To facilitate Lessee's Due Diligence, Lessor hereby grants Lessee and its employees, agents, contractors, engineers and surveyors the right, and a non-exclusive easement to construct at Lessee's sole cost and expense and use a temporary pedestrian and vehicular access roadway from a public road, across Lessor's Property, to the Leased Premises. The location of said temporary pedestrian and vehicular access roadway on Lessor's Property is shown on **Exhibit "B"**. Such construction shall not be deemed to constitute exercise of the Option or commencement of construction of the Improvements, as defined in Section 12, herein. Lessee, at its sole cost and expense, shall cause any such construction to be in a good and workmanlike manner, free and clear of any mechanic's liens, and in compliance with all applicable laws and the restrictive covenants applicable to the Lessor's Property.

5. Termination and Exercise of Option.

(A) Right to Terminate Option. Lessee shall have the right to terminate this Agreement at any time prior to the expiration of the Option Period by sending written notice of termination to Lessor. In the event that Lessee terminates this Agreement at any time prior to the expiration of the Option Period, Lessor shall retain the Option Fee previously paid.

(B) Expiration of Option Period. If, upon expiration of the Option Period, Lessee has not exercised the Option, this Agreement shall terminate. Upon such termination, neither party shall have any further rights or duties hereunder except as provided for in paragraph 4 above. Lessor shall retain the Option Fee previously paid.

(C) Exercise of Option. Prior to expiration of the Option Period, Lessee may exercise the Option by providing ten (10) days' written notice to Lessor of such exercise. Upon the first day of the month immediately following such exercise ("Commencement Date"), the Lease Term, as defined in Section 9 herein, shall commence, the Easements, as defined in Section 8, shall become effective, and the Option Period shall automatically terminate.

6. Lessor's Cooperation. During the Option Period and the Lease Term, Lessor shall, at no expense or cost to Lessor: (i) cooperate with Lessee in its efforts to perform its Due Diligence and to obtain all of the certificates, permits, licenses and other approvals that Lessee, in its sole discretion, deems necessary for its Permitted Use of the Leased Premises ("Approvals"), including all appeals; and (ii) take no action that would adversely affect the Leased Premises unless otherwise permitted by this Agreement or required by law. Lessee shall promptly notify Lessor in the event that Lessee requires any cooperation or action from Lessor pursuant to this Section 6. Lessor acknowledges that Lessee's ability to use the Leased Premises is contingent upon Lessee obtaining and maintaining the Approvals. Additionally, upon at least thirty (30) days written request by Lessee, Lessor agrees to authorize Lessee, at Lessee's sole cost and expense, and its employees, representatives, agents, and consultants to prepare, execute, submit, file and present on behalf of Lessor building, permitting, zoning or land-use applications with the appropriate local, state and/or federal agencies necessary to obtain land use changes, special exceptions, zoning variances, conditional use permits, special use permits, administrative permits, construction permits, operation permits and/or building permits. Lessor understands that any such application and/or the satisfaction of any requirements thereof may require Lessor's cooperation, which Lessor hereby agrees to provide. In Lessor's reasonable determination, Lessor shall not do or permit anything that will interfere with or negate any Approvals pertaining to the Improvements or Leased Premises or cause them to be in nonconformance with applicable local, state or federal laws. Lessor agrees to execute such documents as may be reasonably necessary to obtain and thereafter maintain the Approvals, and agrees to be named as the applicant for said Approvals, when such Approvals are required to be submitted by the current owner of the Leased Premises.

7. **Leased Premises; Survey**. Following exercise of the Option, Lessee shall provide Lessor with a copy of a boundary survey, which shall depict and identify the boundaries of the Leased Premises and the Easements. The parties agree that Lessee shall replace **Exhibit "B"** with a site diagram or survey during the Option Period, depicting the Option Area with more specificity, provided same is approved by Lessor, in Lessor's sole discretion, which approval shall not be unreasonably withheld. The Survey shall be deemed to be incorporated into this Agreement as **Exhibit "C**" even if not physically affixed hereto. The description of the Leased Premises set forth in **Exhibit "C**" shall control in the event of discrepancies between **Exhibit "B**" and **Exhibit "C**".

8. **Easements**. Effective on the Commencement Date, Lessor grants the following non-exclusive easements and rights-of-way over, under and upon Lessor's Property to Lessee, Lessee's employees, agents, contractors, sublessees, licensees and their employees, agents and contractors: (i) an easement over such portion of Lessor's Property as is reasonably necessary to obtain or comply with any Approvals, including any landscaping requirements therein; (ii) a thirty foot (30') wide easement in the location shown in **Exhibit "B**", as may be amended by **Exhibit "C**", for access, ingress, egress and for construction purposes including without limitation staging and storing of equipment, vehicles, cranes and materials seven (7) days per week, twenty-four (24) hours per day, for pedestrians and all types of motor vehicles, to extend from the nearest public right-of-way to the Leased Premises; and (iii) a utility easement (the "Utility Easement") in the location shown in **Exhibit "B**", as may be amended by **Exhibit "C**", for the installation, repair, replacement and maintenance of utility wires, poles, fiber, cables, conduits and pipes; provided that in the event that any public utility is unable or unwilling to use the Utility Easement in the location shown in **Exhibit "B**", as may be amended by **Exhibit "C**" (collectively, the "Easements"). All maintenance and repair of the Easements shall be the sole responsibility of Lessee; provided that Lessee shall only have to maintain the Easements to the extent it requires for its own use. Upon written notice from Lessee to Lessor, Lessee shall have the right to an alternate easement either to Lessee or directly to the public utility at no cost and in a location acceptable to Lessee and the public utility and reasonably acceptable to Lessor. TO HAVE AND TO HOLD the Easements for the purposes provided during the Lease Term and thereafter for a reasonable period of time, but in no event longer than one hundred eighty (180) days, for Lessee to remove its Improvements. At Lessee's sole cost and expense, Lessee shall be responsible (i) for complying with all applicable laws, including without limitation building laws and zoning laws for its Permitted Use and use of the Easements, and with all restrictive covenants applicable to the Lessor's Property, and (ii) for securing all third party consents of any holders of easements that may be located on Lessor's Property and adversely affect the Leased Premises or Easements.

9. **Lease Term**. Effective upon the Commencement Date, Lessor grants and conveys to Lessee a lease over the Leased Premises to Lessee for a period of fifteen (15) years ("Initial Term"). This Agreement shall automatically be extended for seven (7) additional terms of five (5) years each (each a "Renewal Term") (the Initial Term and Renewal Terms are together the "Lease Term"), unless this Agreement is terminated pursuant to the provisions set forth herein.

10. Right to Terminate; Effect of Termination.

(A) By Lessee. Lessee shall have the right, following its exercise of the Option, to terminate this Agreement, at any time, without cause, by providing Lessor with one hundred eighty (180) days' prior written notice. Upon such termination, this Agreement shall become null and void and neither party shall have any further rights or duties hereunder, except that: (i) any monies owed by either party to the other up to the date of termination shall be paid within thirty (30) days of the termination date; and (ii) Lessee's removal and restoration obligations in Section 29 shall survive termination.

(B) By Lessor. Lessor shall have the right, upon three hundred sixty five (365) days' written notice to Lessee, to terminate this Agreement without cause. Upon such termination, this Agreement shall become null and void and neither party shall have any further rights or duties hereunder, except that: (i) any monies owed by either party to the other up to the date of termination shall be paid within thirty (30) days of the termination date; and (ii) Lessee's removal and restoration obligations in Section 29 shall survive termination.

11. Rent. Beginning on the Commencement Date, Lessee shall pay Lessor Twenty-One Thousand Dollars ($21,000.00) per year, to be paid in equal monthly installments of One Thousand Seven Hundred Fifty Dollars ($1,750.00) ("Rent"). The first payment of Rent shall be due and payable on the first day of the first full month following the Commencement Date. On the first anniversary of this date and each subsequent anniversary of this date thereafter, the Rent shall increase by three percent (3%) above the Rent being paid during the most recent year. If a Rent payment is not paid within five (5) days of its due date, Lessee shall pay to Lessor a late payment charge equal to the lesser of (a) five percent (5%) of the amount past due and (b) the maximum amount permitted by law.

12. Use of Property.

(A) The Leased Premises and the Easements shall be used for the purpose of (i) constructing, maintaining, and operating communications facilities, including without limitation, tower structures, antenna support structures, fencing, cabinets, meter boards, buildings, antennas, radios, cables, fiber, data storage systems and related communications equipment (collectively, "Improvements") and, (ii) any uses incidental thereto, including without limitation, use of back-up power systems, and installation of equipment to accommodate new technologies or future innovations for receiving, storing and transmitting signals for communications purposes for Lessee's use and the use of its sublessees, licensees customers, or invitees (collectively the "Permitted Use"). Lessee may place a security fence around the perimeter of the Leased Premises. All Improvements shall be constructed at Lessee's sole expense. Lessee will maintain the Leased Premises in a safe condition and keep the Leased Premises free from all trash and debris. It is the intent of the parties that Lessee's Improvements shall not constitute a fixture. Lessee shall cause any and all Improvements and Permitted Uses to be in compliance with all local, state and federal laws and regulations.

(B) Notwithstanding the Permitted Use, nothing herein shall prevent Lessor or any other tenant of Lessor's Property from conducting any business on Lessor's Property (including, without limitation, using and/or developing Lessor's Property for any legal use) provided such use does not violate Section 22 and does not materially adversely affect the Permitted Use, and, further provided, that Lessee shall not modify its Permitted Use in any manner that would then materially adversely affect such use of Lessor's Property permitted hereunder. In the event that either Lessor or Lessee intends to develop or modify a communications use on its respective property that would cause radio wave or communications interference with the communications use by another party on its property, the party desiring to add or change a communications use shall, at its expense, cause reasonable tests to be conducted to determine the cause and scope of any such interference, if any, and a reasonable solution to avoid or materially mitigate such interference. Lessor and Lessee agree to work together reasonably and in good faith to accomplish a balance between the rights of each to enjoy the future use of its respective property hereunder without causing material interference with the interests of the other (whether in communications uses or otherwise).

(C) Lessee will be responsible for paying on a monthly or quarterly basis all utilities charges for electricity, telephone service or any other utility used or consumed by Lessee on the Leased Premises.

(D) Relocation.

(i) In the event that the location of the Leased Premises or Easements restricts or materially obstructs the development of Lessor's Property, Lessor will have the one-time right to relocate the communications facility of Lessee and/or the Easements (as applicable) to an alternate ground location on Lessor's Property to facilitate and/or accommodate the recruitment or retention of a heavy industrial user to Lessor's Southern Virginia Megasite at Berry Hill project (the "SVM") or the further development of the SVM. Such relocation will (a) be at Lessor's sole cost and expense, (b) be performed exclusively by Lessee or its agents, (c) not result in any interruption of the communications service provided by Lessee on Lessor's Property, including but not limited to Lessee's right to maintain the rights to the existing communication facility until such time that all tenants are successfully moved to the relocation site, (d) not materially impair, or in any manner materially alter, the quality of communications service provided by Lessee on and from Lessor's Property, and (e) be done in accordance with the terms and conditions contained in Subsections (D)(ii) and (iii) below. Upon relocation of the communications facility of Lessee, the Easements will be relocated as required to operate and maintain the communication facility of Lessee.

(ii) Lessor will exercise its relocation right under Subsection (D)(i) above, by (and only by) delivering written notice (the "Notice") to Lessee. In the Notice, Lessor will either (a) propose an alternate site on Lessor's Property to which Lessee may relocate its communications facility, or (b) propose that the parties work together to determine a mutually acceptable location on Lessor's Property for relocation of the communications Facility. Lessee will have sixty (60) days from the date it receives the Notice to evaluate Lessor's proposal, including, but not limited to, conducting tests to determine the technological feasibility of any proposed relocation site and obtaining written approval of the telecommunications carriers currently using the tower. If Lessee fails to approve any proposed relocation site in writing within said sixty (60) day period, such approval not to be unreasonably withheld, or despite good faith efforts, the parties are unable to agree to another mutually acceptable location to relocate, Lessee will be deemed to have not agreed to the proposed relocation, and either party may terminate this Agreement by providing notice to the other. Any relocation site which Lessor and Lessee agree upon in writing is referred to hereinafter as the "Relocation Site". If Lessor and Lessee agree to the proposed alternate site set forth in the Notice or another mutually agreeable location, both parties will enter into a written agreement between the parties concerning the location and dimensions of the Relocation Site. If Lessee agrees to said relocation, Lessor acknowledges that Lessee will be required to obtain all required approvals of affected governmental agencies, including, but not limited to, the FAA and local zoning authorities. If all governmental requirements, both local, State and Federal are met, Lessee will use its commercially reasonable efforts to complete the relocation of the communications facility and the removal of the existing facility within a commercially acceptable timeframe not to exceed twenty-four (24) months from execution of the written agreement ("Relocation Phase"). Notwithstanding the foregoing, Lessee will have an option to extend the Relocation Phase for two (2) ninety (90) day extensions if there are delays which are out of the control of the Lessee.

(iii) Upon relocation of the communications facility of Lessee, or any part thereof, to the Relocation Site, all references to the Leased Premises in this Agreement will be deemed to be references to the Relocation Site. If any of the Easements are required to be relocated, all references to the Easements in the Agreement will be deemed to be references to the relocated Easements. Lessor and Lessee hereby agree that the Relocation Site (including the Easements) may be surveyed by a licensed surveyor at the sole cost of Lessor, and such survey will then replace the previous survey and become a part hereof and will control or describe the Leased Premises and Easements. Lessor and Lessee hereby agree that in no event will the relocation of the communications facility of Lessee, or any part thereof, under Subsection (D)(i) above, affect, alter, modify or otherwise change any of the terms and conditions and of this Agreement unless changes are agreed to in writing by both parties. If a new lease must be entered into for the Relocation Site, Lessor agrees that any and all of the terms and conditions of this Agreement, as may be amended, will be incorporated into the new lease.

13. Hazardous Materials.

(A) Lessee's Obligation and Indemnity. Lessee shall not (either with or without negligence) cause or permit the escape, disposal or release of any Hazardous Materials on or from the Leased Premises in any manner prohibited by law. Lessee shall indemnify and hold Lessor harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, and consultants' and experts' fees) from the release of any Hazardous Materials on the Leased Premises if caused by Lessee or persons acting under Lessee.

(B) Lessor's Obligation and Indemnity. Lessor shall not (either with or without negligence) cause or permit the escape, disposal or release of any Hazardous Materials on or from Lessor's Property or the Leased Premises in any manner prohibited by law. To the extent allowed by law, Lessor shall indemnify and hold Lessee harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, and consultants' and experts' fees) from the release of any Hazardous Materials on the Leased Premises if caused by Lessor or persons acting under Lessor.

(C) For purposes of this Agreement, the term "Hazardous Materials" means any substance which is (i) designated, defined, classified or regulated as a hazardous substance, hazardous material, hazardous waste, pollutant or contaminant under any Environmental Law, as currently in effect or as hereafter amended or enacted, (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products, (iii) PCBs, (iv) lead, (v) asbestos, (vi) flammable explosives, (vii) infectious materials, or (viii) radioactive materials. "Environmental Laws" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601, et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Sections 2601, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. 5101, et seq., and the Clean Water Act, 33 U.S.C. Sections 1251 et seq., as said laws have been supplemented or amended to date, the regulations promulgated pursuant to said laws and any other federal, state or local law, statute, rule, regulation or ordinance which regulates or proscribes the use, storage, disposal, presence, clean-up, transportation or release or threatened release into the environment of Hazardous Materials.

14. Insurance. At all times during the performance of its Due Diligence and during the Lease Term, Lessee, at its sole expense, shall obtain and keep in force insurance which may be required by any federal, state or local statute or ordinance of any governmental body having jurisdiction in connection with the operation of Lessee's business upon the Leased Premises. At a minimum, said insurance shall include Commercial General Liability coverage in an amount not less than $1,000,000.00 per occurrence and $2,000,000.00 in the aggregate, and shall name the Lessor as an additional insured. The required limits recited herein may be met by primary and excess or umbrella policies covering other locations. Upon Lessor's written request, which request shall not exceed once per year, Lessee will provide Lessor with a copy of the certificate of insurance evidencing such coverage.

15. Removal of Obstructions. Lessee has the right to remove obstructions from Lessor's Property, including but not limited to vegetation, which may encroach upon, interfere with or present a hazard to Lessee's use of the Leased Premises or the Easements; provided, however, that Lessee may only remove improvements, which were not constructed by or for the use of Lessee, from Lessor's Property with Lessor's prior written consent.

16. Real Estate Taxes. Lessor shall pay all real estate taxes on Lessor's Property. Lessee agrees to reimburse Lessor for any documented increase in real estate or personal property taxes levied against Lessor's Property that are directly attributable to the Improvements constructed by Lessee. Lessor agrees to provide Lessee any documentation evidencing the increase and how such increase is attributable to Lessee's use. Lessee reserves the right to challenge any such assessment, and Lessor agrees to cooperate with Lessee in connection with any such challenge. In addition, Lessee, at its sole expense, shall promptly pay any and all taxes assessed on the leasehold interest of Lessee or personal property of Lessee under this Agreement. Should an invoice for such taxes be received by Lessor, Lessor shall promptly forward the same to Lessee for payment by Lessee on or before the due date. Notwithstanding any language in this Section to the contrary, Lessee shall not be obligated to reimburse Lessor for any taxes for which it is responsible, unless Lessor requests such reimbursement, including providing any required documentation as evidence of same, within one (1) year after the date such taxes became due.

17. Waiver of Claims and Rights of Subrogation. Each of Lessor and Lessee hereby releases the other, its respective officers, directors, employees, affiliated companies and agents, from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to property covered by insurance which either party is required to maintain under this Lease, even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. However, this release shall be applicable and in force and effect only with respect to loss or damage occurring during such time as the releasor's insurance policies shall contain a clause or endorsement to the effect that any such release shall not adversely affect or impair such policies or prejudice the right of the releasor to recover thereunder. Each of Lessor and Lessee agrees that any fire and extended coverage insurance policies shall include such a clause or endorsement as long as the same shall be obtainable without extra cost, or, if extra cost shall be charged therefor, so long as the other party pays such extra cost. If extra cost shall be chargeable therefor, each party shall notify the other party of the amount of the extra cost, and the other party, at its election, may pay the same, but shall not be obligated to do so.

18. Default.

(A) Notice of Default; Cure Period. In the event that there is a default by Lessor or Lessee (the "Defaulting Party") with respect to any of the provisions of this Agreement or Lessor's or Lessee's obligations under this Agreement, the other party (the "Non-Defaulting Party") shall give the Defaulting Party written notice of such default. After receipt of such written notice, the Defaulting Party shall have thirty (30) days in which to cure any monetary default and sixty (60) days in which to cure any non-monetary default. The Defaulting Party shall have such extended periods as may be required beyond the sixty (60) day cure period to cure any non-monetary default if the nature of the cure is such that it reasonably requires more than sixty (60) days to cure, and Defaulting Party commences the cure within the sixty (60) day period and thereafter continuously and diligently pursues the cure to completion. The Non-Defaulting Party may not maintain any action or effect any remedies for default against the Defaulting Party unless and until the Defaulting Party has failed to cure the same within the time periods provided in this Section.

(B) Consequences of Lessee's Default. In the event that Lessee is in default beyond the applicable periods set forth above, Lessor shall have the right to injunctive relief, to require specific performance of this Agreement, to pursue an action for damages, and terminate this Lease and be relieved from all further obligations under this Agreement.

(C) Consequences of Lessor's Default. In the event that Lessor is in default beyond the applicable periods set forth above, Lessee shall have the right to injunctive relief, to require specific performance of this Agreement, to pursue an action for damages, terminate this Lease, vacate the Leased Premises and be relieved from all further obligations under this Agreement; and to perform the obligation(s) of Lessor specified in such notice, and charge Lessor for any expenditures reasonably made by Lessee in so doing or set-off from Rent any amount reasonably expended by Lessee as a result of such default.

19. Limitation on Damages. In no event shall either party be liable to the other for consequential, indirect, speculative or punitive damages in connection with or arising from this Agreement, or the use of the Leased Premises, Easements, and/or Utility Easement.

20. Hold Harmless. Lessee shall indemnify and defend Lessor against, and hold Lessor harmless from, any claim of liability or loss from personal injury or property damage arising from the use and occupancy of the Leased Premises or Lessor's Property by Lessee, its subtenants, licensees, employees, contractors, servants or agents, except to the extent such claims are caused by the intentional misconduct or negligent acts or omissions of Lessor, its employees, contractors, servants or agents. To the extent allowed by law, Lessor shall indemnify and defend Lessee against, and hold Lessee harmless from, any claim of liability or loss from personal injury or property damage arising from the use and occupancy of the Lessor's Property by Lessor, its subtenants, licensees, employees, contractors, servants or agents, except to the extent such claims are caused by the intentional misconduct or negligent acts or omissions of Lessee, its employees, contractors, servants or agents.

21. Lessor's Covenant of Title. Lessor covenants that Lessor holds good and marketable fee simple title to Lessor's Property and the Leased Premises and has full authority to enter into and execute this Agreement.

22. Interference with Lessee's Business.

(A) From and after the date hereof and continuing until this Lease expires or is terminated, Lessee shall have the exclusive right to construct, install and operate communications facilities that emit radio frequencies within a five hundred (500) foot radius surrounding the Leased Premises (the "Radius Restriction Area"). Lessor agrees that it will not permit the construction, installation or operation on Lessor's Property within the Radius Restriction Area of (i) any additional wireless communications facilities or (ii) any equipment or device that interferes with Lessee's use of the Leased Premises for a wireless communications facility; provided, however, Lessor shall not be obligated to cause the cessation of interference by any other third-party that is not located on Lessor's Property. Each of the covenants made by Lessor in this section is a covenant running with the land for the benefit of the Leased Premises. Notwithstanding any language to the contrary in this Section, Lessor shall be permitted to use personal cellular phones, computers and other personal household communication devices at the Lessor's Property.

(B) Access by Lessor. Lessor may reasonably access all parts of the Leased Premises. Lessor will endeavor to give Lessee twenty-four (24) hours' notice prior to accessing enclosed areas. However, in the event of a situation which involves the health, safety, or welfare of the community, or other emergency situations, Lessor may access the Leased Premises immediately and without prior notice; but shall give Lessee notice of such access as soon thereafter as possible.

23. Eminent Domain. If Lessor receives notice of a proposed taking by eminent domain of any part of the Leased Premises or the Easements, Lessor will notify Lessee of the proposed taking within ten (10) days of receiving said notice and Lessee will have the option to: (i) declare this Agreement null and void and thereafter neither party will have any liability or obligation hereunder; or (ii) remain in possession of that portion of the Leased Premises and Easements that will not be taken, in which event there shall be an equitable adjustment in Rent on account of the portion of the Leased Premises and Easements so taken. With either option Lessee shall have the right to pursue all available remedies at law or equity.

24. Applicable Law and Venue. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the laws of the State where the Leased Premises is located. The parties agree that the venue for any litigation regarding this Agreement shall be in the state or federal courts in the county where the Leased Premises is located.

25. **Notices**. All notices hereunder shall be in writing and shall be given by (i) established national courier service which maintains delivery records, (ii) hand delivery, or (iii) certified or registered mail, postage prepaid, return receipt requested. Notices are effective upon receipt, or upon attempted delivery if delivery is refused or if delivery is impossible because of failure to provide reasonable means for accomplishing delivery. The notices shall be sent to the parties at the following addresses:

Lessor:
Danville-Pittsylvania Regional Industrial Facility Authority
Attn: Susan M. DeMasi, Authority Secretary
427 Patton Street
Danville, VA 24541

Lessee:
Crown Castle Towers 06-2 LLC
Attn: Legal - Real Estate
2000 Corporate Drive
Canonsburg, PA 15317-8564

26. **Assignment, Sublease, Licensing and Encumbrance.** Lessee has the right, at its sole discretion and without consent, to assign its interest in this Agreement to any entity controlling, controlled by or under the common control of Lessee now or at any time in the future, to any entity that acquires all or substantially all of the assets of Lessee, and to any entity that merges with or into Lessee; as to an assignment of this Agreement to any other entity, Lessee shall first obtain Lessor's prior written consent, which consent shall not be unreasonable withheld, conditioned or delayed. For the purpose of this Section, "control" shall mean the direct or indirect (i) ownership of twenty percent (20%) or more of the stock or other ownership interest in the entity, or (ii) control over the management or administration of the entity. For an assignment for which Lessee is not required to obtain consent, Lessee shall provide written notice of such assignment. Assignment of this Agreement by Lessee shall be effective upon Lessee sending written notice to Lessor, or obtaining Lessor's consent when such consent is required, but shall not relieve Lessee liability or obligation under this Agreement unless assignee assumes all of Lessee's obligations. Lessee shall have the right to sublease or license use of all or a portion of the Leased Premises without Lessor's consent. Lessee has the further right to pledge or encumber its interest in this Agreement.

27. **Mortgages.** In the event that the Leased Premises is currently encumbered or shall become encumbered by such a mortgage, Lessor shall obtain and furnish to Lessee a non-disturbance agreement for each such mortgage, in recordable form.

28. **Sale of Property**. If during the Option Period or Lease Term, Lessor sells all or part of Lessor's Property, of which the Leased Premises is a part, then such sale shall be under and subject to this Agreement.

29. **Surrender of Property**. Upon expiration or termination of this Agreement, Lessee shall, within a reasonable time not to exceed one hundred eighty (180) days, remove all above-ground

Improvements and below-ground improvements to a point three (3) feet below grade, and restore the surface of the Leased Premises as nearly as reasonably possible to its original condition, without, however, being required to replace any trees or other plants removed.

30. Quiet Enjoyment. Lessor covenants that Lessee, on paying Rent and performing the covenants of this Agreement, shall peaceably and quietly have, hold and enjoy the Leased Premises and Easements.

31. Lessor's Waiver. Lessor hereby waives and releases any and all liens, whether statutory or under common law, with respect to any of Lessee's Improvements now or hereafter located on the Leased Premises.

32. Miscellaneous.

Recording. Lessee shall have the right to record a memorandum of the Option and a memorandum of this Agreement with the appropriate recording officer. Lessor shall execute and deliver each such memorandum, for no additional consideration, promptly upon Lessee's request. However, all recordation filing fees and taxes, if any, shall be at the sole cost and expense of the party recording such memorandum.

Entire Agreement. Lessor and Lessee agree that this Agreement contains all of the agreements, promises and understandings between Lessor and Lessee. No oral agreements, promises or understandings shall be binding upon either Lessor or Lessee in any dispute, controversy or proceeding at law. Any addition, variation or modification to this Agreement shall be void and ineffective unless made in writing and signed by the parties hereto. The terms, covenants and provisions of this Agreement shall extend to and be binding upon the respective executors, administrators, heirs, successors and assigns of Lessor and Lessee.

Captions. The captions preceding the Sections of this Agreement are intended only for convenience of reference and in no way define, limit or describe the scope of this Agreement or the intent of any provision hereof.

Construction of Document. Lessor and Lessee acknowledge that this document shall not be construed in favor of or against the drafter by virtue of said party being the drafter and that this Agreement shall not be construed as a binding offer until signed by Lessee.

Partial Invalidity. If any term of this Agreement is found to be void or invalid, then such invalidity shall not affect the remaining terms of this Agreement, which shall continue in full force and effect.

Counterparts. This Agreement may be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

Electronic Signatures. Each party agrees that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. As used herein, "electronic signature" means any electronic sound, symbol, or process attached to or logically associated with this Agreement and executed and adopted by a party with the intent to sign such Agreement, including facsimile or email electronic signatures.

IRS Form W-9. Lessor agrees to provide Lessee with a completed IRS Form W-9, or its equivalent, upon execution of this Agreement and at such other times as may be reasonably requested by Lessee. In the event the Lessor's Property is transferred, the succeeding Lessor shall have a duty at the time of such transfer to provide Lessee with a Change of Ownership Form as provided for by Lessee, a completed IRS Form W-9, or its equivalent, and other related paper work to effect a transfer in Rent to the new Lessor. Lessor's failure to provide the IRS Form W-9 within thirty (30) days after Lessee's request shall be considered a default and Lessee may take any reasonable action necessary to comply with IRS regulations including, but not limited to, withholding applicable taxes from Rent payments.

[Execution Page Follows]

IN WITNESS WHEREOF, Lessor and Lessee having read the foregoing and intending to be legally bound hereby, have executed this Option and Ground Lease Agreement as of the day and year this Agreement is fully executed.

LESSOR:
DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia

By:______________________________________

Print Name: J. Lee Vogler, Jr.

Print Title (if any): Chairman

Date:____________________________________

COMMONWEALTH OF VIRGINIA AT LARGE
CITY/COUNTY OF ________________, to-wit:

The foregoing Option and Deed of Ground Lease Agreement was acknowledged before me in my jurisdiction aforesaid on this ____ day of ___________, 2023, by **J. Lee Vogler, Jr.**, in his capacity as Chairman of the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY,** a political subdivision of the Commonwealth of Virginia, as grantor.

My commission expires: _________________:

(Seal)

____
Notary Public

Registration Number: _______________________

IN WITNESS WHEREOF, Lessor and Lessee having read the foregoing and intending to be legally bound hereby, have executed this Option and Ground Lease Agreement as of the day and year this Agreement is fully executed.

LESSEE:
CROWN CASTLE TOWERS 06-2 LLC,
a Delaware limited liability company

By:_________________________________(SEAL)

Print Name:________________________________

Title (if any):_______________________________

Date:_______________________________________

STATE / COMMONWEALTH OF ______________________

COUNTY OF ____________________

I, _____________________________________, a Notary Public, do hereby certify that _________________________ personally appeared before me this day and acknowledged that he/she is the ________________________of Crown Castle Towers 06-2 LLC, a Delaware limited liability company, and that by authority duly given, and as the act of Crown Castle Towers 06-2 LLC, a Delaware limited liability company, the foregoing Option and Deed of Ground Lease Agreement was signed in its name by her/him as its _____________________.

Given under my hand this ____ day of ________________, 2023.

____
Notary Public

Registration Number:_______________________

My Commission expires: ____________________

[SEAL OR STAMP]

EXHIBIT "A"

[Legal Description or deed to be attached]

EXHIBIT "B"

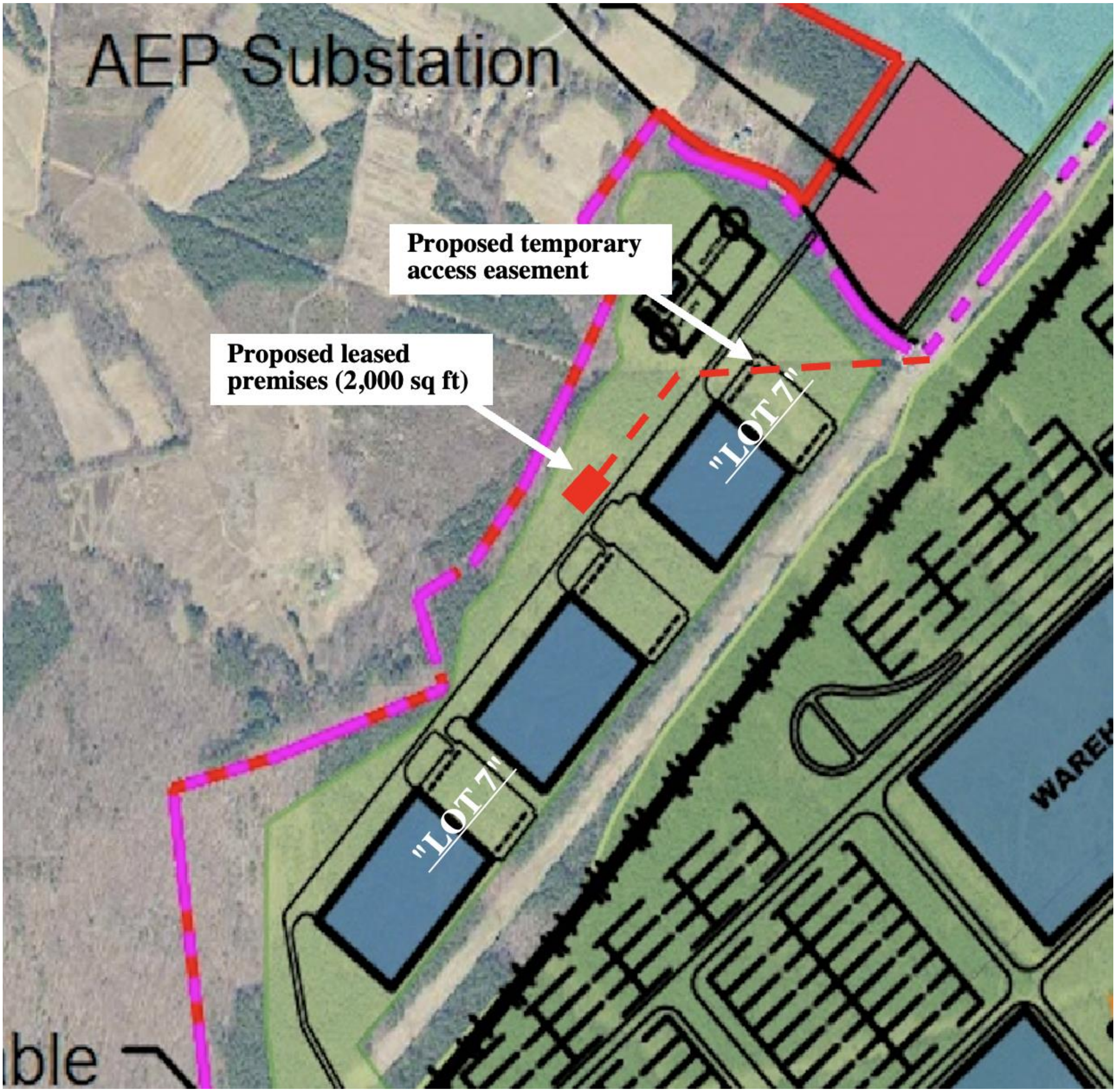

AEP Substation
Proposed temporary access easement
Proposed leased premises (2,000 sq ft)
"LOT 7"
"LOT 7"
ble

EXHIBIT "C"

[Boundary survey to be attached to supersede Exhibit B]

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.C.

DATE: April 8, 2024

FROM: Michael Guanzon | Legal Counsel to Authority

RE: Consideration of a Resolution approving a one-year renewal of the lease to the Osborne Company of North Carolina, Inc., a North Carolina Corporation, of approximately 100 acres of pastureland in the Authority's Southern Virginia Megasite at Berry Hill Project (a portion of GPINS 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia. - Mr. Guanzon

SUMMARY
This item is an annual renewal of a sod lease with the Osborne Company at the SVM.

ATTACHMENTS
1. Resolution 2024-04-08-5C
2. Exhibit A - Osborne Sod Lease Renewal 2024

Resolution No. 2024-04-08-5C

A RESOLUTION APPROVING A ONE-YEAR RENEWAL OF THE LEASE TO THE OSBORNE COMPANY OF NORTH CAROLINA, INC., A NORTH CAROLINA CORPORATION, OF APPROXIMATELY 100 ACRES OF PASTURELAND IN THE AUTHORITY'S SOUTHERN VIRGINIA MEGASITE AT BERRY HILL PROJECT (A PORTION OF GPINs 1366-78-4718 AND 1367-70-4519), COMMONLY KNOWN AS 4380 BERRY HILL ROAD, IN PITTSYLVANIA COUNTY, VIRGINIA; THE LEASE TERM SHALL BE SUBJECT TO A RIGHT OF LANDLORD TO SHOW THE DEMISED PREMISES UPON AT LEAST 24-HOURS NOTICE AND THE OBLIGATION OF TENANT TO KEEP THE IDENTITY OF ANY PROSPECTIVE BUSINESS RECRUITS CONFIDENTIAL UNTIL A PUBLIC ANNOUNCEMENT IS MADE, IF EVER, OR AS OTHERWISE REQUIRED BY LAW; THE AUTHORITY SHALL HAVE THE RIGHT TO EARLY TERMINATE THE LEASE WITH AT LEAST 30-DAYS NOTICE; AND THE LEASE SHALL BE FOR THE USE OF HARVESTING GRASS HAY AND INCIDENTAL USES ACCEPTABLE TO THE AUTHORITY, AT A TOTAL RENTAL FEE OF $1,000.00

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia, duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, The Osborne Company of North Carolina, Inc., a North Carolina corporation ("**Osborne Company**"), entered into that certain Lease Agreement with the Authority, dated May 9, 2011 as amended and renewed (the "**Lease**"), for the lease of one hundred (100) acres, more or less, of pasture land in the Authority's Southern Virginia Megasite at Berry Hill project (formerly the Berry Hill Industrial Park) (a portion of GPINs 1366-78-4718 and 1367-70-4519), commonly known as 4380 Berry Hill Road, in Pittsylvania County, Virginia, for the use of harvesting grass hay and incidental uses acceptable to the Authority, which Lease was subsequently renewed by the parties, at a total rental fee of One Thousand Dollars ($1,000.00); and

WHEREAS, the current term of the Lease expires on May 15, 2024, where Osborne Company was a holdover tenant for a one-year term commencing on May 15, 2023, for which Osborne Company is obligated to pay to the Authority One Thousand Dollars and 00/100 ($1,000.00); and

WHEREAS, the Authority has determined that it is in the best interests of the Authority and of the citizens of Pittsylvania County and the City of Danville, Virginia, for the Authority to enter into a one-year renewal of the Lease at a total rental fee of One Thousand and 00/100 Dollars ($1,000.00), subject to (i) a 30-day right of early termination by the Authority, (ii) the right of the Authority upon at least twenty-four (24) hours' notice to Tenant to enter upon and to show the demised premises to prospective business recruits, and (iii) Tenant's agreement to keep in strictest confidence the identity of any such prospective business recruits until a public announcement is made by the Authority, if ever, or as otherwise required by law; and

WHEREAS, the terms of such proposed renewal are set forth in **<u>Exhibit A</u>**, attached hereto and incorporated herein by this reference (the "**Renewal**"); and

WHEREAS, the Authority finds appropriate and proper that in the event both the Director of Economic Development for Pittsylvania County, Virginia, and the Director of Economic Development for the City of Danville, Virginia (collectively, the "**Authority Staff Leadership**"), recommend that the Lease be terminated early in order to facilitate the orderly and efficient development of the real property covered by the Lease, each of the Chairman and the Vice Chairman should be authorized to exercise the Authority's right of early termination under the Lease.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby approves execution and delivery of the Renewal as reviewed at this meeting, each of the Authority's Chairman and Vice Chairman, in consultation with the other, is authorized to further modify the Renewal on such terms and conditions as the Chairman or Vice Chairman, in consultation with the other, determines to be reasonable, appropriate and consistent with this Resolution and hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, to execute and deliver the Renewal on behalf of the Authority, such execution of the Renewal by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any modifications as consulted by and between the Chairman and Vice Chairman.

2. In the event that the Authority Staff Leadership recommends that the Lease be terminated early in order to facilitate the orderly and efficient development of the real property covered by the Lease, the Chairman and the Vice Chairman, either of whom may act independently of the other, are hereby authorized to exercise the Authority's right of early termination under the Lease.

3. The Authority hereby authorizes and directs staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Renewal, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions.

4. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Renewal and the matters contemplated therein.

5. This Resolution shall take effect immediately upon its adoption.

- # -

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the Directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on May 8, 2024, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this 8th day of May 2024.

____
SUSAN M. DeMASI, Secretary
Danville-Pittsylvania Regional Industrial
Facility Authority

(SEAL)

Exhibit A

(Lease Renewal)

THIS 2024 LEASE RENEWAL, made as of the 15th day of May 2024, by and between **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia (**"Landlord"**); and **THE OSBORNE COMPANY OF NORTH CAROLINA, INC.**, a North Carolina corporation (**"Tenant"**);

W I T N E S S E T H :

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated as of May 9, 2011 (the **"Lease"**), which has been subsequently renewed, for that certain real property located in Landlord's Southern Virginia Megasite at Berry Hill project (formerly the Berry Hill Industrial Park) in Pittsylvania County, Virginia, containing an aggregate of 100 acres, more or less, commonly known as 4380 Berry Hill Road (a portion of GPINs 1366-78-4718 and 1367-70-4519); and

WHEREAS, Landlord and Tenant desire to renew the Lease for an additional one (1) year term, subject to an early termination right by Landlord, and provide for the payment of additional rent during such renewal term, all as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained in this Lease, the parties agree as follows:

1. The **"Renewal Term"** shall be for a term of one (1) year beginning on May 15, 2024, and ending on May 15, 2025. The **"Term"** (as defined in the Lease) shall include the initial Term and any Renewal Term.

2. Prior to the end of the Renewal Term, Landlord shall have the right to terminate the Lease upon giving at least thirty (30) days prior written notice to Tenant, in which event Landlord shall reimburse Tenant for a pro rata portion of the Additional Rent (as hereafter defined) covering the period between the date of termination and May 15, 2025.

3. Tenant agrees to pay to Landlord as additional rent (**"Additional Rent"**) for the Renewal Term set forth herein the amount of One Thousand and 00/100 Dollars ($1,000.00), due and payable on the first day of the Renewal Term set forth herein. The **"Base Rent"** (as defined in the Lease) shall include the Base Rent payable for the initial Term and any Additional Rent payable for any Renewal Term.

4. At any time during the Renewal Term, Landlord shall have the right, upon at least twenty-four (24) hours' notice to Tenant (which can be by telephone or by e-mail), to enter upon and to show the demised premises to prospective business recruits (the **"Recruits"**).

5. Tenant agrees to keep in strictest confidence the identity of any Recruits until a public announcement is made by Landlord, if ever, or as otherwise required by law.

6. All other terms and conditions of the Lease not specifically changed herein shall remain in full force and effect.

[SIGNATURES ON FOLLOWING PAGE]

WITNESS the following signatures to this **2024 LEASE RENEWAL**:

LANDLORD:

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY, a political subdivision of the Commonwealth of Virginia

By: ______________________________________

William V. Ingram, Chairman

TENANT:

THE OSBORNE COMPANY OF NORTH CAROLINA, INC., a North Carolina corporation

By: ______________________________________

Peter F. Osborne, President

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.D.

DATE: April 8, 2024

FROM: Michael Guanzon | Legal Counsel to Authority

RE: Consideration of a Resolution authorizing the Chairman of the Authority to Negotiate, Execute, Deliver and Record that Third Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants, amending the original Supplemental Declaration of Protective Covenants dated October 1, 2017, and recorded in the Pittsylvania County Land Records as Instrument No. 17-05662 (as amended), providing for the modification of certain vegetative buffers relating to an amendment to the State Programmatic General Permit for vegetative buffers along U.S. Highway 311 and Oak Hill Road for the Authority's Southern Virginia Mega Site Project, in furtherance of facilitating the Virginia Department of Transportation's Construction of the Berry Hill Connector Road - Brian Bradner, Vice President, Dewberry and Mr. Guanzon.

SUMMARY

Modifications to existing vegetative buffers along US Hwy 311 and Oak Hill Road at the Southern Virginia Megasite have been reviewed and approved by regulatory authorities. A recordable survey plat showing exact locations of the revised buffer area has been completed. An amendment to the Restrictive Covenants for the Southern Virginia Megasite to include the buffer modifications is required. Staff recommends that RIFA approve the amendment to the Restrictive Covenants subject to final review by RIFA counsel.

ATTACHMENTS

1. Resolution 2024-04-08-5D
2. Exhibit A - Third Amendment

Resolution No. 2024-04-08-5D

A RESOLUTION AUTHORIZING THE CHAIRMAN OF THE AUTHORITY TO NEGOTIATE, EXECUTE, DELIVER AND RECORD THAT THIRD AMENDMENT TO BERRY HILL INDUSTRIAL PARK SUPPLEMENTAL DECLARATION OF RESTRICTIVE COVENANTS, AMENDING THE ORIGINAL SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS DATED OCTOBER 1, 2017, AND RECORDED IN THE PITTSYLVANIA COUNTY LAND RECORDS AS INSTRUMENT NO. 17-05662 (AS AMENDED), PROVIDING FOR THE MODIFICATION OF CERTAIN VEGETATIVE BUFFERS RELATING TO AN AMENDMENT TO THE STATE PROGRAMMATIC GENERAL PERMIT FOR VEGETATIVE BUFFERS ALONG U.S. HIGHWAY 311 AND OAK HILL ROAD FOR THE AUTHORITY'S SOUTHERN VIRGINIA MEGA SITE PROJECT, IN FURTHERANCE OF FACILITATING THE VIRGINIA DEPARTMENT OF TRANSPORTATION'S CONSTRUCTION OF THE BERRY HILL CONNECTOR ROAD

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority executed and recorded that certain Declaration of Protective Covenants dated August 14, 2017, and recorded in the Clerk's Office of the Circuit Court of Pittsylvania County, Virginia (the "**Clerk's Office**"), as Instrument No. 17-05098 (the "**Original Declaration**"), and that certain Supplemental Declaration of Protective Covenants dated October 1, 2017, and recorded in the Clerk's Office as Instrument No. 17-05662 (the "**Supplemental Declaration**"), as amended by that certain Amendment to Declaration of Protective Covenants dated June 24, 2020, recorded as Instrument Number 20-02897 in the Clerk's Office (the "**First Amendment to Declaration**"), and where the Supplemental Declaration was amended by that certain Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants dated as of June 24, 2020, and recorded as Instrument Number 20-02898 in the Pittsylvania Circuit Court Clerk's Office (the "**First Amendment to Supplemental Declaration**"), as amended by that certain Second Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants dated as of January 11, 2021 and recorded as Instrument Number 21-00481 in the Pittsylvania Circuit Court Clerk's Office (the "**Second Amendment to Supplemental Declaration**"), and where the Original Declaration was further amended by that certain Southern Virginia Megasite at Berry Hill Amendment to Declaration of Protective Covenants dated June 30, 2022, recorded as Instrument Number 23-02946 in the Pittsylvania Circuit Court Clerk's Office (the "**Second Amendment to Declaration**"), and further amended by that certain Southern Virginia Megasite at Berry Hill Amendment to Declaration of Protective Covenants dated June 12, 2023, recorded as Instrument Number 23-02947 in the Pittsylvania Circuit Court Clerk's Office (the "**Third Amendment to Declaration**") (the Original Declaration and the Supplemental Declaration, each as amended, the "**Declaration**" and the "**Supplemental Declaration**", respectively), which placed numerous conditions, covenants, restrictions and reservations on that certain real property covering the Authority's Southern Virginia Megasite at Berry Hill project (the "**SVM**"); and

WHEREAS, in connection with Resolution Nos. 2022-02-14-5D and 2024-01-08-5B, pursuant to Section 7 of the Supplemental Declaration, the Authority obtained the necessary approval from the U.S. Army Corps of Engineers, Norfolk District and the Virginia Department of Environmental Quality to amend the Supplemental Declaration, as more fully described in **Exhibit A** (the "**Third Amendment to Supplemental Declaration**"), attached hereto and incorporated herein by this reference, providing for the modification of certain vegetative buffers relating to an amendment to the State Programmatic General Permit for vegetative buffers along U.S. Highway 311 and Oak Hill Road for the SVM, in furtherance of facilitating the Virginia Department of Transportation's construction of the Berry Hill Connector Road (the "**Berry Hill Connector Road**"); and

WHEREAS, the Authority further desires to pay for the costs of any fees associated with recordation of the Third Amendment to Supplemental Declaration, if any (the "**Fees**"), subject to certification by the Authority's Treasurer that funds for the Fees are available within a budget line item previously approved by the Authority for such purposes or SVM developments; and

WHEREAS, the Authority has hereby determined, in open session, that the Third Amendment to Supplemental Declaration, in furtherance of the development and marketing of the SVM, serves the purpose of the Authority to enhance the economic base of the County of Pittsylvania, Virginia (the "**County**") and the City of Danville, Virginia (the "**City**") by developing, owning, and operating the SVM on a cooperative basis involving the County and the City, and that it is in the best interests of the Authority and the citizens of the County and the City for the Authority to authorize and approve the negotiation, execution, delivery and recordation of the Third Amendment to Supplemental Declaration, as applicable, consistent with this Resolution and subject to the approval by legal counsel to the Authority as to legal form.

NOW, THEREFORE, BE IT RESOLVED, that:

1. The Authority hereby approves negotiation, execution, delivery and recordation of Third Amendment to Supplemental Declaration, subject to the approval by legal counsel to the Authority as to legal form. The Authority hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, in consultation with the other, to further negotiate and amend the Third Amendment to Supplemental Declaration, on behalf of the Authority, consistent with this Resolution and as approved by legal counsel to the Authority as to legal form, such execution of any such amendments by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any such amendments; however, the Third Amendment to Supplemental Declaration shall not be effective until and unless the Authority's Treasurer

certifies that funds for the Fees are available within a budget line item previously approved by the Authority for such purposes.

2. Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, and the Authority's staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by the Third Amendment to Supplemental Declaration, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions; however, such authorization shall be subject to the same approval by legal counsel to the Authority as set forth above.

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to the Third Amendment to Supplemental Declaration and the matters contemplated therein.

4. This Resolution shall take effect immediately upon its adoption.

- # -

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on April 8, 2024, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority this 8th day of April 2024.

____

SUSAN M. DeMASI
Secretary, Danville-Pittsylvania Regional Industrial Facility Authority

(SEAL)

Resolution No. 2024-04-08-5D

Exhibit A

(Third Amendment to Supplemental Declaration)

Prepared by:
Callaghan S. Guy, VSB# 93536
Christian & Barton, LLP
901 East Cary Street, Suite 1800
Richmond, Virginia 23219

Tax Map No.: 1367-41-6185

**THIRD AMENDMENT TO
BERRY HILL INDUSTRIAL PARK
(NOW SOUTHERN VIRGINIA MEGASITE AT BERRY HILL)
SUPPLEMENTAL DECLARATION OF RESTRICTIVE COVENANTS**

This Third Amendment to Supplemental Declaration of Restrictive Covenants (this "***Amendment***") is made as of the ___ day of ______________, 2024, by the **DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**, a political subdivision of the Commonwealth of Virginia ("***Authority***").

WHEREAS, the Authority made that certain Declaration of Protective Covenants dated as of August 14, 2017 and recorded as Instrument Number 170005098 in the Pittsylvania Circuit Court Clerk's Office, as amended by that certain Southern Virginia Megasite at Berry Hill Amendment to Declaration of Protective Covenants dated as of June 24, 2020 and recorded as Instrument Number 200002897 in the Pittsylvania Circuit Court Clerk's Office, as amended by that certain Southern Virginia Megasite at Berry Hill Amendment to Declaration of Protective Covenants dated June 30, 2022, recorded as Instrument Number 230002946 in the Pittsylvania Circuit Court Clerk's Office, and as amended by that certain Southern Virginia Megasite at Berry Hill Amendment to Declaration of Protective Covenants dated June 12, 2023, recorded as Instrument Number 230002947 in the Pittsylvania Circuit Court Clerk's Office (collectively, the "***Declaration of Protective Covenants***"), on certain real property situated in Pittsylvania County, Virginia, such real property being referred to in the hereinafter-defined Supplemental Declaration as the "Larger Property"; and

WHEREAS, the Authority also made a Supplemental Declaration of Restrictive Covenants dated as of October 1, 2017 and recorded in Instrument Number 170005662 in the Pittsylvania Circuit Court Clerk's Office (the "***Original Supplemental Declaration***"), as amended by that certain Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants dated as of June 24, 2020 and recorded as Instrument Number 200002898 in the Pittsylvania Circuit Court Clerk's Office (the "***First Amendment to Supplemental Declaration***"), and as amended by that certain Second Amendment to Berry Hill Industrial Park Supplemental Declaration of Restrictive Covenants dated as of January 11, 2021 and recorded as Instrument Number 210000481 in the Pittsylvania Circuit Court Clerk's Office (the "***Second Amendment to Supplemental Declaration***" and together with the First Amendment to Supplemental Declaration and the Original Supplemental Declaration, the "***Supplemental Declaration***") which placed further restrictions on certain portions of the Larger Property, such portions being referred to in the Supplemental Declaration as the "Mitigation Area"; and

WHEREAS, pursuant to Section 7 of the Supplemental Declaration, the Authority has obtained the necessary approval from the U.S. Army Corps of Engineers, Norfolk District and the Virginia Department of Environmental Quality to amend the Supplemental Declaration; and

WHEREAS, the Authority now desires to amend the Supplemental Declaration to modify the Mitigation Area, as hereinafter set forth.

NOW THEREFORE, the Supplemental Declaration is hereby amended as follows:

1. All of Conservation Easement Areas "A," "B," "C," and "D1"; a portion of each of Conservation Easement Areas "D2," "E," "F," "G," "H," "I," "J," "K," and "L"; and portion of Historic Site Vegetation Buffer "M" are hereby vacated, all as shown more particularly on that certain plat prepared by Dewberry Consultants LLC, entitled "Plat Showing a Vacation of Portions of Various Conservation Easements and Historic Site Vegetative Buffer and Dedication of Conservation Easement 'O' Danville-Pittsylvania Regional Industrial Facility Authority Westover Magisterial District Pittsylvania County, Virginia" dated February 6, 2024, attached to this Amendment as <u>Exhibit 1</u> and made a part hereof by reference (the "***Plat***"):

2. The conservation easement area designated as "O" on the Plat is hereby dedicated for conservation easement purposes, subject to the restrictions set forth in the Declaration and Supplemental Declaration.

3. The "***Mitigation Area***" shall mean those portions of the Larger Property consisting of approximately 6.697 acres and described as Conservation Easement Area "O" and Historic Site Vegetation Buffer "N" and the residue of Conservation Easement Areas "D2," "E," "F," "G," "H," "I," "J," "K," and "L" and the residue of Historic Site Vegetation Buffer "M", all as more particularly shown on the Plat. All references to the Mitigation Area (including by reference to the Conservation Easement Areas and Historic Site Vegetation Buffers rather than the defined term Mitigation Area, as in Section 3 of the Original Supplemental Declaration) shall be deemed to refer to the Mitigation Area as defined in this Amendment and shown on the Plat.

4. Any references in the Supplemental Declaration to "Exhibit B" shall be deemed to refer to the matters shown on Exhibit B to the Second Amendment to Supplemental Declaration, as modified by this Amendment, and in the event of any conflict between the matters shown on such Exhibit B and the Plat attached hereto as Exhibit 1, the Plat attached hereto as Exhibit 1 shall control.

5. The above recitals are incorporated herein and made a part hereof by this reference. Except as amended hereby, the Supplemental Declaration all other terms, conditions and provisions of the Supplemental Declaration remain unmodified and in full force and effect. In the event of a conflict between the Supplemental Declaration and this Amendment, this Amendment shall control. This Amendment may be executed in multiple counterparts, each of which taken together shall constitute one and the same instrument. Any capitalized terms used herein and not defined herein shall have the meanings set forth in the Supplemental Declaration.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the Authority has executed this Amendment as of the date first written above.

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY,
a political subdivision of the Commonwealth of Virginia

By: ________________________________
William V. Ingram, Chairman

COMMONWEALTH OF VIRGINIA,
CITY/COUNTY OF _______________, to-wit:

The foregoing instrument was acknowledged before me this ___ day of _____________, 2024, by William V. Ingram, as Chairman of the Danville-Pittsylvania Regional Industrial Facility Authority, on behalf of the Authority.

My Commission expires: _________________________

Registration No.: ________________________________

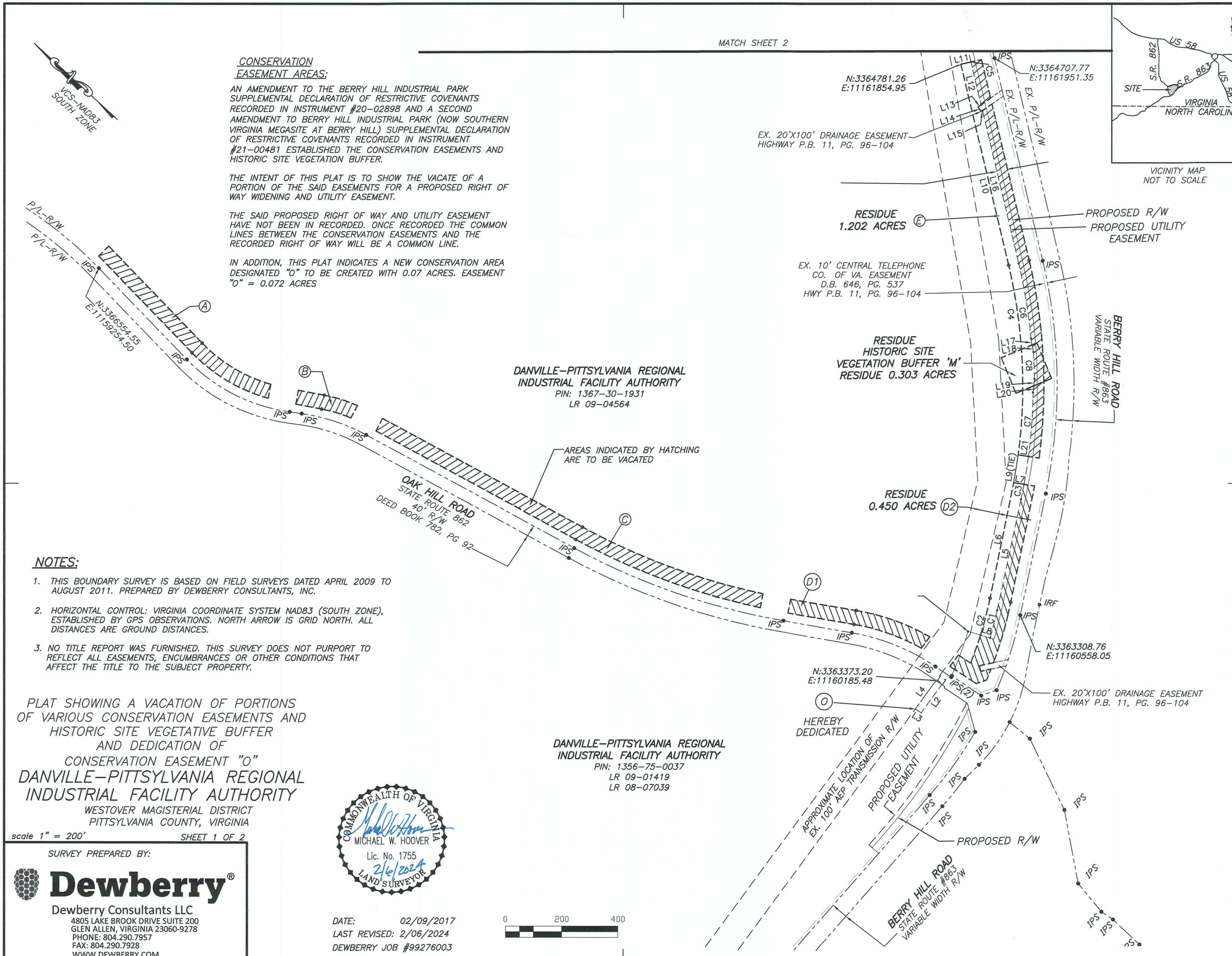
____
Notary Public

[SEAL]

Exhibit 1

Mitigation Area

[See Attached]



CONSERVATION EASEMENT AREAS:

AN AMENDMENT TO THE BERRY HILL INDUSTRIAL PARK SUPPLEMENTAL DECLARATION OF RESTRICTIVE COVENANTS RECORDED IN INSTRUMENT #20-02898 AND A SECOND AMENDMENT TO BERRY HILL INDUSTRIAL PARK (NOW SOUTHERN VIRGINIA MEGASITE AT BERRY HILL) SUPPLEMENTAL DECLARATION OF RESTRICTIVE COVENANTS RECORDED IN INSTRUMENT #21-00481 ESTABLISHED THE CONSERVATION EASEMENTS AND HISTORIC SITE VEGETATION BUFFER.

THE INTENT OF THIS PLAT IS TO SHOW THE VACATE OF A PORTION OF THE SAID EASEMENTS FOR A PROPOSED RIGHT OF WAY WIDENING AND UTILITY EASEMENT.

THE SAID PROPOSED RIGHT OF WAY AND UTILITY EASEMENT HAVE NOT BEEN IN RECORDED. ONCE RECORDED THE COMMON LINES BETWEEN THE CONSERVATION EASEMENTS AND THE RECORDED RIGHT OF WAY WILL BE A COMMON LINE.

IN ADDITION, THIS PLAT INDICATES A NEW CONSERVATION AREA DESIGNATED "O" TO BE CREATED WITH 0.07 ACRES. EASEMENT "O" = 0.072 ACRES

NOTES:

1. THIS BOUNDARY SURVEY IS BASED ON FIELD SURVEYS DATED APRIL 2009 TO AUGUST 2011. PREPARED BY DEWBERRY CONSULTANTS, INC.
2. HORIZONTAL CONTROL: VIRGINIA COORDINATE SYSTEM NAD83 (SOUTH ZONE), ESTABLISHED BY GPS OBSERVATIONS. NORTH ARROW IS GRID NORTH. ALL DISTANCES ARE GROUND DISTANCES.
3. NO TITLE REPORT WAS FURNISHED. THIS SURVEY DOES NOT PURPORT TO REFLECT ALL EASEMENTS, ENCUMBRANCES OR OTHER CONDITIONS THAT AFFECT THE TITLE TO THE SUBJECT PROPERTY.

PLAT SHOWING A VACATION OF PORTIONS OF VARIOUS CONSERVATION EASEMENTS AND HISTORIC SITE VEGETATIVE BUFFER AND DEDICATION OF CONSERVATION EASEMENT "O"

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

WESTOVER MAGISTERIAL DISTRICT
PITTSYLVANIA COUNTY, VIRGINIA

scale 1" = 200' SHEET 1 OF 2

SURVEY PREPARED BY:

Dewberry®
Dewberry Consultants LLC
4805 LAKE BROOK DRIVE SUITE 200
GLEN ALLEN, VIRGINIA 23060-9278
PHONE: 804.290.7957
FAX: 804.290.7928
WWW.DEWBERRY.COM

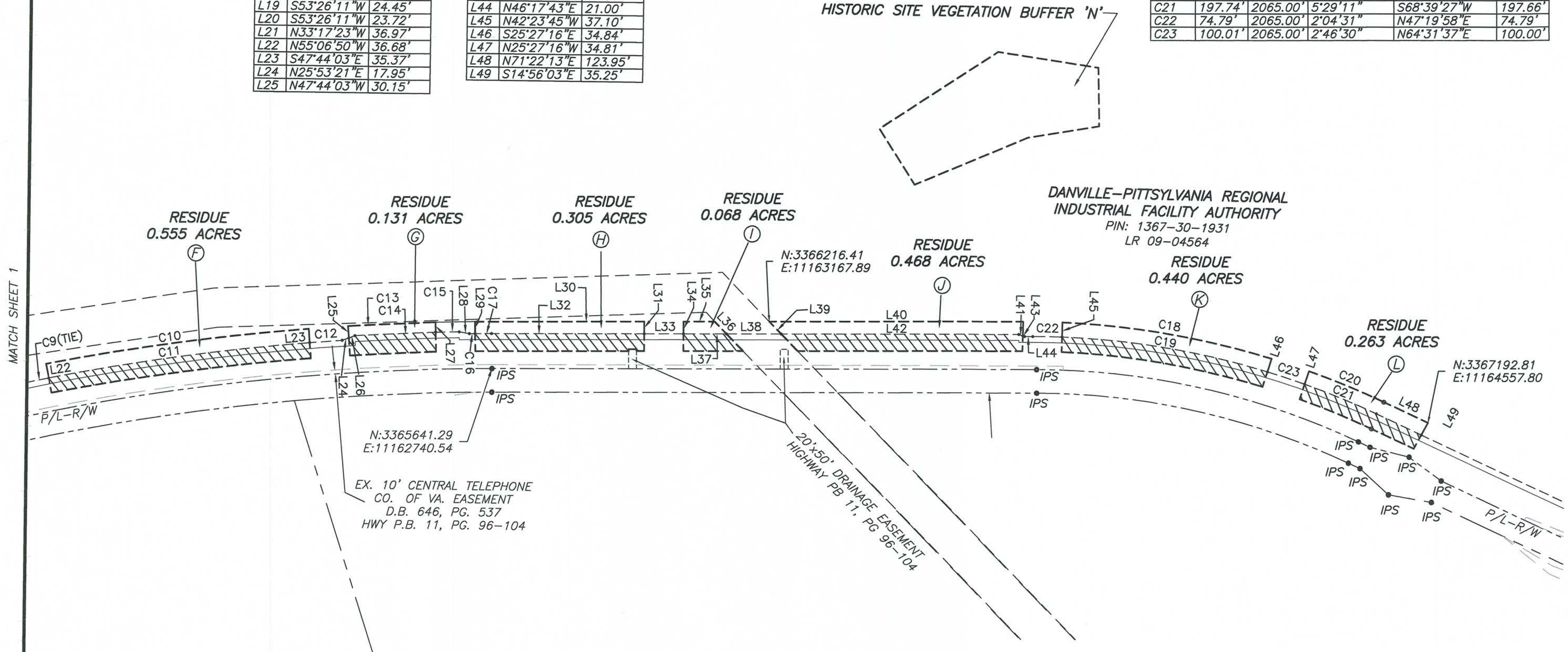
DATE: 02/09/2017
LAST REVISED: 2/06/2024
DEWBERRY JOB #99276003

Figure 9

LINE	BEARING	DISTANCE
L1	S08°34'04"E	25.02'
L2	S83°56'20"W	125.00'
L3	N08°34'04"W	25.02'
L4	N83°56'20"E	125.00'
L5	S59°45'53"W	402.00'
L6	N59°11'49"E	416.42'
L7	S33°17'23"E	37.11'
L8	N25°55'05"W	35.35'
L9	N56°42'37"E	100.00'
L10	N34°08'26"E	731.72'
L11	S55°06'50"E	37.02'
L12	S34°11'34"W	155.44'
L13	N77°47'01"W	13.79'
L14	S12°52'09"W	19.31'
L15	S77°07'51"E	6.19'
L16	S34°11'34"W	557.05'
L17	S37°09'27"W	23.11'
L18	S37°09'27"W	25.06'
L19	S53°26'11"W	24.45'
L20	S53°26'11"W	23.72'
L21	N33°17'23"W	36.97'
L22	N55°06'50"W	36.68'
L23	S47°44'03"E	35.37'
L24	N25°53'21"E	17.95'
L25	N47°44'03"W	30.15'

LINE	BEARING	DISTANCE
L26	S25°53'21"W	16.58'
L27	S44°31'49"E	25.38'
L28	N56°37'22"E	26.19'
L29	N44°31'49"W	30.47'
L30	N46°10'59"E	431.73'
L31	S43°47'57"E	31.16'
L32	S46°17'43"W	389.21'
L33	N46°17'43"E	100.00'
L34	N43°47'57"W	31.33'
L35	N46°12'03"E	79.28'
L36	S87°44'51"E	43.76'
L37	S46°17'43"W	109.65'
L38	N46°17'43"E	139.12'
L39	N87°44'51"W	44.08'
L40	N46°12'03"E	647.47'
L41	N65°17'48"E	10.93'
L42	S46°17'43"W	605.66'
L43	N65°17'48"E	4.43'
L44	N46°17'43"E	21.00'
L45	N42°23'45"W	37.10'
L46	S25°27'16"E	34.84'
L47	N25°27'16"W	34.81'
L48	N71°22'13"E	123.95'
L49	S14°56'03"E	35.25'

CURVE	ARC	RADIUS	DELTA ANGLE	CHORD BEARING	CHORD
C1	101.34'	1355.00'	4°17'07"	S61°54'27"W	101.32'
C2	135.54'	1387.77'	5°35'46"	N62°01'52"E	135.49'
C3	53.18'	1885.00'	1°37'00"	S58°57'24"W	53.18'
C4	676.28'	1843.30'	21°01'15"	N44°38'44"E	672.49'
C5	0.44'	5850.37'	0°00'16"	S34°11'41"W	0.44'
C6	269.64'	1885.00'	8°11'45"	S38°17'26"W	269.41'
C7	227.11'	1885.00'	6°54'11"	S51°39'25"W	226.97'
C8	95.94'	1890.00'	2°54'30"	S45°17'49"W	95.93'
C9	100.00'	5850.00'	0°58'46"	N34°41'12"E	100.00'
C10	676.13'	6025.71'	6°25'44"	N38°34'34"E	675.78'
C11	671.51'	5850.00'	6°34'37"	S38°27'53"W	671.14'
C12	82.78'	5850.00'	0°48'39"	N42°09'31"E	82.78'
C13	223.66'	6025.71'	2°07'36"	N43°48'17"E	223.64'
C14	206.34'	5860.00'	2°01'03"	S43°53'46"W	206.32'
C15	59.80'	5860.00'	0°35'05"	N45°11'50"E	59.80'
C16	14.51'	5855.00'	0°08'31"	N45°48'43"E	14.51'
C17	42.13'	5855.00'	0°24'44"	S46°05'21"W	42.13'
C18	542.84'	2154.48'	14°26'10"	N55°59'51"E	541.41'
C19	532.29'	2065.00'	14°46'08"	S55°45'18"W	530.82'
C20	206.62'	2154.48'	5°29'42"	N68°37'22"E	206.54'
C21	197.74'	2065.00'	5°29'11"	S68°39'27"W	197.66'
C22	74.79'	2065.00'	2°04'31"	N47°19'58"E	74.79'
C23	100.01'	2065.00'	2°46'30"	N64°31'37"E	100.00'



PLAT SHOWING A VACATION OF PORTIONS OF VARIOUS CONSERVATION EASEMENTS AND HISTORIC SITE VEGETATIVE BUFFER AND DEDICATION OF CONSERVATION EASEMENT "O"

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

WESTOVER MAGISTERIAL DISTRICT
PITTSYLVANIA COUNTY, VIRGINIA

SHEET 2 OF 2

COMMONWEALTH OF VIRGINIA
MICHAEL W. HOOVER
Lic. No. 1755
2/6/2024
LAND SURVEYOR

DATE: 02/09/2017
LAST REVISED: 2/06/2024
DEWBERRY JOB #99276003

0' 200' 400' 600'

HORIZONTAL SCALE:
1" = 200'

SURVEY PREPARED BY:

Dewberry®
Dewberry Consultants LLC
4805 LAKE BROOK DRIVE SUITE 200
GLEN ALLEN, VIRGINIA 23060-9278
PHONE: 804.290.7957
FAX: 804.290.7928
WWW.DEWBERRY.COM

Figure 10

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.E.

DATE: April 8, 2024

FROM: Matt Rowe | Pittsylvania County Director of Economic Development

RE: Consideration of a Resolution authorizing the negotiation, execution and delivery of an amendment to that certain timber sale contract dated June 16, 2022, by and between the Authority and Hopkins Lumber Contractors, Inc., a Virginia corporation, for the sale of timber within the Authority's Southern Virginia Megasite at Berry Hill Project.- Mr. Rowe

SUMMARY

On March 31, the timber sales contract at the Southern Virginia Megasite was scheduled to terminate. Over the past 15 months, RIFA has been able to generate close to $1.5M in revenue from its timber sales to Hopkins Lumber. Currently, the timber crews are working south of US Rt. 311. Staff recommends that RIFA extend the sales contract for up to an additional 6 months.

ATTACHMENTS

1. Resolution 2024-04-08-5E

Resolution No. 2024-04-08-5E

A RESOLUTION AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF AN AMENDMENT TO THAT CERTAIN TIMBER SALE CONTRACT DATED JUNE 16, 2022, BY AND BETWEEN THE AUTHORITY AND HOPKINS LUMBER CONTRACTORS, INC., A VIRGINIA CORPORATION, FOR THE SALE OF TIMBER WITHIN THE AUTHORITY'S SOUTHERN VIRGINIA MEGASITE AT BERRY HILL PROJECT, LOCATED IN PITTSYLVANIA COUNTY, VIRGINIA, WITH A VARIABLE SALES PRICE BASED ON TREE SPECIES TYPE

WHEREAS, the Danville-Pittsylvania Regional Industrial Facility Authority (the "**Authority**") is a political subdivision of the Commonwealth of Virginia duly created pursuant to the Virginia Regional Industrial Facilities Act, as amended; and

WHEREAS, the Authority, the County of Pittsylvania, Virginia (the "**County**"), and the City of Danville, Virginia (the "**City**"), in order to stimulate economic growth and development of the community by creating jobs and infrastructure have agreed to provide incentives to new and expanding businesses which conduct industrial activity; and

WHEREAS, the Authority, pursuant to Resolution No. 2022-07-11-5B, entered into that certain Timber Sale Contract dated June 16, 2022 (the "**Original Contract**"), with Hopkins Lumber Contractors, Inc., a Virginia corporation ("**Hopkins**"), for the purchase of timber located within Authority's Southern Virginia Megasite at Berry Hill project ("**SVM**"), located in the County; and

WHEREAS, Hopkins desires to amend the Original Contract to extend the term of the Original Contract to at least one (1) year, subject to appropriation by the Authority, under substantially the same terms, and subject to any modifications as may be required by the Authority's environmental permit applications to be submitted to the United States Army Corps of Engineers ("**Amendment**"); and

WHEREAS, the Authority has determined that it is in the best interests of the Authority, the citizens of the County and the City, and the development of the Authority's SVM project for the Authority to negotiate, execute and to deliver an Amendment, subject to approval by legal counsel to the Authority.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby approves the negotiation, execution and delivery of an Amendment to the Original Contract with Hopkins, subject to the approval by legal counsel to the Authority as to legal form. The Authority hereby authorizes the Chairman and the Vice Chairman, either of whom may act independently of the other, in consultation with the other, to further negotiate and amend an Amendment, on behalf of the Authority, consistent with this Resolution and as approved by legal counsel to the Authority as to legal form, such execution of any such amendments by the Chairman (or Vice Chairman as the case may be) to conclusively establish the approval of any such amendments as consulted by and between the Chairman and Vice Chairman.

2. The Authority hereby authorizes and directs the City Manager Officer, the County Administrator Officer, staff and other agents and representatives working on behalf of the Authority to take such actions and to do all such things as are contemplated by an Amendment, or as they in their discretion deem necessary or appropriate in order to carry out the intent and purposes of these resolutions.

3. The Authority hereby approves, ratifies and confirms any and all actions previously taken by the Authority, its agents and representatives, in respect to an Amendment and the matters contemplated therein or related thereto on or before the date of this Resolution is adopted.

4. This Resolution shall take effect immediately upon its adoption.

- # -

Resolution No. 2024-04-08-5E

CERTIFICATE

I, the undersigned Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the directors of the Danville-Pittsylvania Regional Industrial Facility Authority at a regular meeting duly called and held on April 8, 2024, and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof.

WITNESS my hand as Secretary of the Danville-Pittsylvania Regional Industrial Facility Authority as of the 8th day of April 2024.

____

SUSAN M. DeMASI, Secretary

Danville-Pittsylvania Regional Industrial Facility Authority

(SEAL)

DANVILLE-PITTSYLVANIA
REGIONAL INDUSTRIAL FACILITY AUTHORITY

ITEM: 5.F.

DATE: April 8, 2024

FROM: Michael Adkins | Authority Treasurer

RE: Financial Status Reports as of March 31, 2024. Michael L. Adkins, Authority Treasurer.

SUMMARY

A review of the financial status reports through March 31, 2024, will be provided at the meeting. The financial status reports as of March 31, 2024 are attached for the DPRIFA Board's review.

Staff recommends approving the financial status reports as of March 31, 2024 as presented.

ATTACHMENTS

1. Financial Reports

Danville - Pittsylvania Regional Industrial Facility Authority

Financial Status

Table of Contents

Danville-Pittsylvania Regional Industrial Facility Authority

Executive Summary

Agenda Item No.:	
Meeting Date:	April 8, 2024
Subject:	Financial Status Reports – March 31,2024
From:	Michael L. Adkins, Authority Treasurer

SUMMARY

A review of the financial status reports through March 31 2024 will be provided at the meeting. The financial status reports as of March 31, 2024 are attached for the DPRIFA Board's review.

RECOMMENDATION

Staff recommends approving the financial status reports as of March 31, 2024 as presented.

ATTACHMENTS

Financial Status Reports

Danville-Pittsylvania Regional Industrial Facility Authority

$7,300,000 Bonds for Cane Creek Centre - Issued in August 2005 [7]

As of March 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
Funds from bond issuance	$7,300,000.00				
Issuance cost	(155,401.33)				
Refunding cost [7]	(52,500.00)				
Bank fees	(98.25)				
Interest earned to date	486,581.70				
Cane Creek Parkway [3]		$3,804,576.00	$3,724,241.16	$ -	
Swedwood Drive [2]		69,414.00	69,414.00	-	
Cane Creek Centre entrance [3]		72,335.00	53,878.70	-	
Financial Advisory Services		9,900.00	9,900.00	-	
Dewberry contracts [1]		69,582.50	69,582.50	-	
Dewberry contracts not paid by 1.7 grant [4, 5]		76,986.46	65,559.12	11,427.34	
Land		-	2,792,945.57	-	
Demolition services		71,261.62	71,261.62	-	
Legal fees		-	247,837.83	-	
CCC - Lots 3 & 9 project - RIFA Local Share [6]		142,190.00	112,464.98	-	
Other expenditures		2,250.00	347,194.30	2,250.00	
Total	$ 7,578,582.12	$ 4,318,495.58	$ 7,564,279.78	$ 13,677.34	**$ 625.00**

Notes:

[1] Dewberry Contracts consist of wetland, engineering, surveying and site preparation

[2] Funds being used to cover City and County matching contributions for a VDOT grant for Swedwood Drive

[3] Project completed under budget

[*] In September 2008 the outstanding principal balance of $6,965,000 on the Series 2005 Cane Creek Project Revenue Bonds was tendered and not remarketed. These bonds were converted to bank bonds and are now subject to the Credit and Reimbursement agreement the Authority has with Wachovia Bank. The remarketing agent will continue its attempt to remarket these bonds in order to convert them back to Variable Rate Revenue Bonds. As a result, it is likely that the City and County will have to contribute additional funds in order to make future interest payments on the letter of credit attached to these bonds.

[4] These contracts were originally to be paid by the $1.7M Special Projects Grant, this grant has expired and the TIC did not issue an extension. The remaining amounts of the contract will be paid using bond funds.

[5] The budget amount decreased $71,279.61 from the 9/30/2010 reports. This amount represented the remaining budget amount carried from the $1.7 SP grant upon its expiration for the following contracts: Wetland Delineation, Wetland Bank Plan Rev., Stream Concept Plan, & Stream Attribute Plan. Per Shawn Harden of Dewberry, these contracts are complete and finished under budget. The only contract that remains open is for Wetland Monitoring and the budget, expended, and encumbered amounts included here are only for this contract.

[6] This line item represents the amount of expenditures on the "CCC - Lots 3 & 9" budget sheet that is covered by bond funds. RIFA's local share of 5% of these project costs is being covered by these bond funds. Project finished under original budget.

[7] The $7.3 million bonds were refunded on 8/1/2013 with the issuance of refunding bonds in the amount of $5,595,000.

Road Summary-Cane Creek Parkway:	
English Contract-Construction	$ 5,363,927.00
Change Orders	165,484.50
Expenditures over contract amount	3,579.50
(Less) County's Portion of Contract	(935,207.00)
(Less) Mobilization Allocated to County	(9,718.00)
Portion of English Contract Allocated to RIFA	4,588,066.00
Dewberry Contract-Engineering	683,850.00
Total Road Contract Allocated to RIFA	**$ 5,271,916.00**

Funding Summary - Cane Creek Parkway	
VDOT	$ 1,467,340.00
Bonds	3,804,576.00
	$ 5,271,916.00

Danville-Pittsylvania Regional Industrial Facility Authority
General Expenditures for Fiscal Year 2024
As of March 31, 2024

	Funding	Budget	FY Expenditures	Current Month Expenditures	Encumbered	Unexpended / Unencumbered
Funding						
City Contribution	$ 100,000.00					
County Contribution	100,000.00					
Transfer from Unrestricted Fund Balance						
Contingency						
Miscellaneous contingency items		$ 4,000.00	$ 136.54	$ -	$ -	$ 3,863.46
Total Contingency Budget		4,000.00	136.54	-	-	3,863.46
Legal		120,000.00	101,218.00	13,609.00	-	18,782.00
Accounting		26,900.00	10,000.00	-	-	16,900.00
Marketing		40,000.00	27,402.53	-	-	12,597.47
Postage & Shipping		100.00	-	-	-	100.00
Meals		4,000.00	3,313.64	457.08	-	686.36
Utilities		2,000.00	1,394.22	166.54	-	605.78
Insurance		3,000.00	-	-	-	3,000.00
Maintenance		-	44,010.00	4,890.00	-	(44,010.00)
Total	$ 200,000.00	$ 200,000.00	$ 187,474.93	$ 19,122.62	$ -	**$ 12,525.07**

Danville-Pittsylvania Regional Industrial Facility Authority
Southern Virginia Megasite at Berry Hill - Funding Other than Bond Funds
As of March 31, 2024

Funding	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
City contribution	$ 134,482.50				
County contribution	134,482.50				
City advance for Klutz, Canter, & Shoffner property [1, 4]	10,340,983.83				
Tobacco Commission FY09 SSED Allocation	3,370,726.00				
Tobacco Commission FY10 SSED Allocation - Engineering Portion	407,725.00				
Tobacco Comm. FY10 SSED Allocation - Eng. Portion Deobligated	(244,797.00)				
Local Match for TIC FY10 SSED Allocation - Engineering Portion [5]	76,067.61				
Additional funds allocated by RIFA Board on 1/14/2013 [6]	11,854.39				
TIC #2264 Berry Hill Industrial Park - Phase II Land and Engineering	2,700,000.00				
TIC #2264 Berry Hill Industrial Park - Phase II Land and Engineering deobligated	(699,873.73)				
TIC #2264 Local Match for Property & Improvements (County)	500,000.00				
TIC #2264 Local Match for Property & Improvements (City)	500,000.00				
VA Economic Development Partnership MEI Grant Funds	577,503.14				
Virginia Resources Authority - TRRF Loan #3658	4,500,000.00				
VBRSP Site Development Grant from VEDP FY2023	1,500,000.00				
Transfer from Unrestricted Funds - "Other Income"	450,590.86				
Land					
Klutz property		$ 8,394,553.50	$ 8,394,553.50	$ -	
Canter property [2]		1,200,000.00	1,200,000.00	-	
Adams property		37,308.00	37,308.00	-	
Carter property		5,843.00	5,843.00	-	
Jane Hairston property		1,384,961.08	1,384,961.08	-	
Bill Hairston property		201,148.00	201,148.00	-	
Shoffner Property		1,872,896.25	1,872,896.25	-	
401 Buford Road		246,082.96	246,082.96	-	
Off State Road 1055		181,890.19	181,890.19	-	
604 Buford Road		361,896.60	361,896.60	-	
ROW purchase for connector road		832,300.25	832,300.25	-	
Other					
Dewberry & Davis		28,965.00	28,965.00	-	
Dewberry & Davis [3]		990,850.00	987,879.29	2,970.71	
Consulting Services - McCallum Sweeney [7]		115,000.00	103,796.85	-	
Dewberry Engineers (related to #2264)		160,500.00	160,500.00	-	
Dewberry Engineers		1,644,380.00	1,444,955.00	199,425.00	
Appalachian Power Company		5,178,500.00	5,178,500.00	-	
Banister Bend Farm, LLC		199,064.00	199,064.00	-	
Virginia Department of Transportation (VDOT)		279,399.00	279,399.00	-	
Transcontinental (Williams Transco)		40,000.00	40,000.00	-	
Stantec Consulting Services Inc.		2,400.00	2,400.00	-	
Troutman, Pepper, Hamilton, Sanders LLP		75,000.00	28,770.00	46,230.00	
Dewberry Engineers		13,750.00	11,562.50	2,187.50	
HGS LLC		483,000.00	265,125.00	217,875.00	
Sellers Brothers		24,500.00	24,500.00	-	
Transfer available funds to "Berry Hill Mega Park - Lot 4 Site Development" Project [8]		-	11,203.15	-	
Total	$ 24,259,745.10	$ 23,954,187.83	$ 23,485,499.62	$ 468,688.21	**$ 305,557.27**

[1] This figure does not include the interest the City lost from the uninvested funds, which was paid to the City 1/3/2012 and totaled $144,150.41.

[2] Settlement fees were drawn from bonds issued for the Berry Hill project 12/1/2011.

[3] This contract was originally for $814,500, but has been amended to include a traffic impact analysis, and a cemetery survey. $740,000 was covered by the FY09 Tobacco Allocation. $162,928 was covered by the FY10 Tobacco Allocation. $87,922 will be covered with RIFA Funds.

[4] RIFA paid the City back for all advances on 1/3/2012.

[5] The RIFA Board approved to utilize the remaining funds from the Mega Park bond funds and approximately $65,000 of the 'Funds Available for Appropriation' towards the local match for the engineering portion of Tobacco Commission grant #1916 for the Berry Hill Mega Park.

[6] Due to the expiration of the Tobacco Comission FY10 SSED Allocation, the RIFA Board approved on 1/14/2013 to utilize $11,854.39 of the 'Funds Available for Appropriation' to cover the funding shortfall for the budgeted Dewberry & Davis contract.

[7] Unencumbered the remaining $11,203.15 due to termination of contract.

[8] As approved by RIFA Board on 10/16/2014

Danville-Pittsylvania Regional Industrial Facility Authority
Southern Virginia Megasite at Berry Hill - Lot 4 Site Development
As of March 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
Tobacco Commission FY12 Megasite Allocation	$ 6,208,153.00				
Local Match for TIC FY12 Megasite Allocation - County Portion [1]	750,000.00				
Local Match for TIC FY12 Megasite Allocation - City Portion [1]	750,000.00				
Local Match for TIC FY12 Megasite Allocation - RIFA Portion [2]	181,000.00				
Transfer in from "Mega Park - Funding Other than Bond Funds" Budget[3]	11,203.15				
Transfer to Other Income - Unrestricted Funds	152,170.40				
Transfer from SVM Berry Hill Lots 1 & 2	138,000.00				
Expenditures					
Dewberry Engineers Inc.		1,707,562.81	1,707,562.81	-	
Jones Lang LaSalle		95,000.00	95,000.00	-	
Jones Lang LaSalle - Economic Analysis		12,000.00	12,000.00	-	
VA Water Protection Permit Fee		57,840.00	57,840.00	-	
Wetlands Studies and Solutions, Inc.		77,027.64	77,027.64	-	
Banister Bend Farm, LLC - Wetland and Stream Credits		122,968.00	122,968.00	-	
DEQ - Construction Activity General Permit		11,860.00	11,860.00	-	
Haymes Brothers, Inc. - Construction on Phase 1 Graded Pad		4,243,151.21	4,243,151.21	-	
Haymes Brothers, Inc. - Phase 1 Pad A Extension/Expansion		1,679,616.89	1,679,616.89	-	
Haymes Brothers, Inc. - Phase 1 Development		290,500.00	290,500.00	-	
Transfers to "General Expenditures Fiscal Year 2015" Contingency [3]					
Jones Lang LaSalle - Market Analysis Study		(95,000.00)	(95,000.00)	-	
Jones Lang LaSalle - Economic Analysis		(12,000.00)	(12,000.00)	-	
Total	$ 8,190,526.55	$ 8,190,526.55	$ 8,190,526.55	$ -	**$ -**

[1] *$300,000 of this was received from each locality 6-2014. $450,000 received 8-2014. $450,000 received 9-2014.*

[2] *The RIFA Board approved on 2/11/2013 to transfer the remaining funds of $175,316.17 from the "Funds Available for Appropriation" budget sheet and funds of $5,683.83 from the "Rent, Interest, and Other Income Realized" budget sheet to use for the RIFA local match to Tobacco Commission grant #2491 for Berry Hill Mega Park Lot 4 Site Development.*

3 As approved by RIFA Board on 10/16/2014 ($108,603.35 of expenditures for Dewberry Engineers, Inc. was also transferred from remaining unexpended and unencumbered costs under Amendment #4)

Danville-Pittsylvania Regional Industrial Facility Authority

Southern Virginia Megasite at Berry Hill - Lots 1&2 Site Development

As of March 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
TIC #3358 Berry Hill Industrial Park - Site Improvements for Project Lignum	$ 2,292,856.56				
TIC #3358 Local Match (County)	970,707.92				
TIC #3358 Local Match (City)	970,707.92				
VBRSP Site Development Grant from VEDP	1,312,400.00				
VBRSP Site Development Grant from VEDP (City)	216,546.00				
VBRSP Site Development Grant from VEDP (County)	216,546.00				
Transfers to/from other funding sheets	(1,669,212.10)				
Expenditures					
Dewberry Engineers Inc.		413,540.00	407,040.00	6,500.00	
Virginia Nutrient Bank		84,420.00	84,420.00	-	
Jimmy R. Lynch & Sons, Inc.		3,716,936.30	3,443,568.99	273,367.31	
Treasurer of Virginia		6,100.00	6,100.00	-	
Total	$ 4,310,552.30	$ 4,220,996.30	$ 3,941,128.99	$ 279,867.31	**$ 89,556.00**

E

Danville-Pittsylvania Regional Industrial Facility Authority

Southern Virginia Megasite at Berry Hill - Water & Sewer

As of March 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
TIC #2641 Phase I Sanitary Sewer					
Tobacco Commission Grant 2641	$ 4,840,977.86				
Local Match for Contractual Services	274,926.43				
Local Match for Property & Imp.	262,960.00				
TIC #3011 Water System Improvements Phase II					
Tobacco Commission Grant 3011	2,241,567.00				
Local Match for Property & Imp.	224,160.00				
City of Danville Utilities	3,716,897.35				
Expenditures					
Dewberry Engineers Inc.		912,309.99	888,109.99	24,200.00	
Haymes Brothers, Inc. - Phase I Sanitary Sewer		5,092,668.30	5,092,668.30	-	
Haymes Brothers, Inc. - Phase I Sanitary Sewer (City)		3,210,312.35	3,210,312.35	-	
C.W. Cauley & Son - Phase 1 Water		1,843,540.00	1,021,345.00	822,195.00	
Norfolk Southern Railway Company		22,300.00	22,300.00	-	
Pittsylvania County Service Authority		1,475.00	1,475.00	-	
Treasurer of Virginia		7,900.00	7,900.00	-	
AECOM		5,000.00	5,000.00	-	
BH Media Group, Inc.		296.00	296.00	-	
Danville Register & Bee		600.00	600.00	-	
Total	$ 11,561,488.64	$ 11,096,401.64	$ 10,250,006.64	$ 846,395.00	**$ 465,087.00**

F

Danville-Pittsylvania Regional Industrial Facility Authority

Cyber Park Site Development

As of March 31, 2024

	Funding	Budget / Contract Amount	Expenditures	Encumbered	Unexpended / Unencumbered
Funding					
MEP TROF Loan	$ 270,000.00				
Transfer from Other Income	152,090.00				
Transfer from SVM at BH Lots 1& 2	1,988,100.25				
Expenditures					
Dewberry Engineers Inc.		114,250.00	114,250.00	-	
Making Everything Possible LLC (Incentives)		270,000.00	270,000.00	-	
Virginia Nutrient Bank		37,840.00	37,840.00	-	
Sellers Brothers		1,988,100.25	1,888,695.24	99,405.01	
Total	$ 2,410,190.25	$ 2,410,190.25	$ 2,310,785.24	$ 99,405.01	**$ (0.00)**

G

Danville-Pittsylvania Regional Industrial Facility Authority

Rent, Interest, and Other Income Realized for Fiscal Year 2024

As of March 31, 2024

	Funding				
Source of Funds	**Carryforward from FY2023**	**Receipts Current Month**	**Receipts FY2024**	**Expenditures FY2024**	**Unexpended / Unencumbered**
Carryforward	$ 1,904,985.39				
Current Lessees					
Institute for Advanced Learning and Research (IALR) [1]		$ 23,342.11	$ 210,078.99		
Mountain View Farms of Virginia, L.C.		-	1,200.00		
Capital Outdoor, Inc.		-	2,000.00		
American Electric Power		-	13,500.00		
Total Rent		$ 23,342.11	$ 226,778.99		
Interest Received [2]		$ 7,457.41	$ 38,116.53		
Miscellaneous Income		$ 64,375.03	$ 928,333.85		
Expenditures					
Hawkins Research Bldg. Property Mgmt. Fee				$ 186,736.88	
Incentive Disbursements to Morgan Olson, LLC				$ -	
Incentive Disbursements to MEP LLC				$ -	
Transfers to other funding sheets				$ 244,500.00	
Totals	$ 1,904,985.39	$ 95,174.55	$ 1,193,229.37	$ 431,236.88	$ 2,666,977.88
				Restricted [1]	$ 336,168.81
				Unrestricted	$ 1,837,039.93
				Committed	$ 493,769.14

[1] *Please note that rent proceeds must be used in accordance with the U.S. Economic Development Administration's (EDA) Standard Terms and Conditions*

[2] *Please note that this is only interest received on RIFA's general money market account.*

Danville-Pittsylvania Regional Industrial Facility Authority

Monthly Disbursements

March 2024

Check Number	Date	Vendor Name	Paid Amount
WIRE	3/6/2024	City of Danville	60.98
WIRE	3/6/2024	City of Danville	65.06
2625	3/11/2024	IALR	23,342.11
2626	3/11/2024	IALR	457.08
2627	3/11/2024	Sellers Brothers	29,390.00
2628	3/11/2024	Christian & Barton	13,609.00
2629	3/11/2024	Troutman Pepper Hamilton Sanders	3,360.00
2630	3/11/2024	HGS LLC	79,575.00
WIRE	3/20/2024	City of Danville	40.50

Danville-Pittsylvania Regional Industrial Facility Authority

Statement of Net Position [1, 2]

March 31, 2024*

		Unaudited FY 2024
Assets		
Current assets		
Cash - checking	$	1,248,545
Cash - money market		2,653,708
Total current assets		3,902,253
Noncurrent assets		
Restricted cash - project fund CCC bonds		20,802
Restricted cash - debt service fund CCC bonds		22,186
Capital assets not being depreciated		23,076,605
Capital assets being depreciated, net		20,080,266
Construction in progress		34,283,295
Total noncurrent assets		77,483,154
Total assets		81,385,407
Liabilities		
Current liabilities		
Retainage payable		99,405
Accrued interest		125,616
Accounts Payable		52,433
Unearned income		600
Economic development payable - current portion		147,000
Total current liabilities		425,054
Noncurrent liabilities		
Bonds payable - less current portion		205,000
Loans payable - less current portion		4,500,000
Total noncurrent liabilities		4,705,000
Total liabilities		5,130,054
Net Position		
Net investment in capital assets		77,255,968
Restricted - debt reserves		22,186
Unrestricted		(1,022,801)
Total net position	$	76,255,353

[1] Please note this balance sheet does not include the Due to/Due from between the County and the City since it nets out and only changes at fiscal year-end.

[2] Please note this balance sheet does not include all general accounts receivable or accounts payable at the month-end date. This is because information regarding accrued receivables/payables is not available at the time of statement preparation.

*Please note these statements are for the period ended March 31, 2024 as of March 28, 2024, the date of preparation. Due to statement preparation occurring in close proximity to month-end, these statements may not include some pending adjustments for the period.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Revenues and Expenses and Changes in Fund Net Position
March 31, 2024*

		Unaudited FY 2024
Operating revenues		
Rental income		228,279
Other Income		1,571,488
Total operating revenues		1,799,767
Operating expenses [4]		
Mega Park expenses [3]		1,144,656
Cane Creek Centre expenses [3]		25,420
Cyber Park expenses [3]		280,859
Professional fees		66,120
Other operating expenses		8,080
Total operating expenses		1,525,135
Operating income (loss)		274,632
Non-operating revenues (expenses)		
Interest income		38,116
Total non-operating expenses, net		38,116
Net income (loss) before capital contributions		312,748
Capital contributions		
Contribution - City of Danville		370,136
Contribution - Pittsylvania County		396,352
Total capital contributions		766,488
Change in net position		1,079,236
Net position at July 1, 2023		75,176,117
Net position at March 31, 2024	$	76,255,353

[3] A portion or all of these expenses may be capitalized at fiscal year-end.

[4] Please note that most non-cash items, such as depreciation and amortization, are not included here until year-end entries are made.

Danville-Pittsylvania Regional Industrial Facility Authority
Statement of Cash Flows
March 31, 2024*

		Unaudited FY 2024
Operating activities		
Receipts from grant reimbursement requests	$	3,012,924
Receipts from leases		224,779
Other receipts		649,682
Payments to suppliers for goods and services		(2,185,879)
Net cash used by operating activities		1,701,506
Capital and related financing activities		
Capital contributions		818,921
Interest paid on bonds		(25,272)
Principal repayments on bonds		(515,000)
Net cash provided by capital and related financing activities		278,649
Investing activities		
Interest received		38,116
Net cash provided by investing activities		38,116
Net increase (decrease) in cash and cash equivalents		2,018,271
Cash and cash equivalents - beginning of year (including restricted cash)		1,926,969
Cash and cash equivalents - through March 31, 2024 (including restricted cash)	$	3,945,240
Reconciliation of operating loss before capital contributions to net cash used by operating activities:		
Operating income (loss)	$	274,632
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities:		
Change in prepaids		3,139
Change in other receivables		(74,858)
Change in accounts payable		1,502,093
Change in unearned income		(3,500)
Net cash used by operating activities	$	1,701,506

Components of cash and cash equivalents at March 31, 2024:		
American National - Checking	$	1,248,545
American National - General money market		2,653,708
Wells Fargo - $7.3M Bonds CCC Debt service fund		22,186
Wells Fargo - $7.3M Bonds CCC Project fund		20,802
	$	3,945,240